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## ANNUAL REPORT 2013



**FICUS LANE**  
Condominium



**SALADAENG**  
RESIDENCES



**MAHA  
NKHON**



**MAHASAMUTRAH**  
HUA HIN



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# TABLE of CONTENTS

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PACE Properties	2
2013 Financial Highlights	12
3 Years Financial Highlights	13
Message from Chairman and CEO	14
Board of Directors and Audit Committee	16
Policy and Overview of Business	18
Operation of Business	28
Risk Factors	53
Internal Control and Risk Management	59
Security and Shareholder Information	61
Management Structure	62
Good Corporate Governance	82
Corporate Social Responsibility	99
Related Party Transactions	105
Management Discussion and Analysis	120
Audit Committee Report	131
Independent Auditor's Report	133
Financial Statements	135
Notes to Financial Statements	150
General Information and Important Information	197



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A Time & PACE for

# *THE WORLD'S MASTERPIECES*

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Mahanakhon will be Thailand's tallest building,  
delivering an architectural landmark development  
matching the ambition of one of the world's  
global cities.







# M^HA N^KHON

Mahanakhon is a mixed-use complex with location in the heart of Bangkok's CBD directly adjacent to Chongnonsi BTS Station. Construction underway, completion scheduled 2015.





THE RITZ-CARLTON RESIDENCES®  
BANGKOK

As part of Mahanakhon, this will be Bangkok's most sought after address. Residents will enjoy bespoke interiors and the highest specifications with mixed-use convenience. 200 residences range from 2-5 bedrooms.



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A Time & PACE for

# *EXTRAORDINARY LIVING*

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The Ritz-Carlton Residences, Bangkok delivers  
individually sculpted, highly customized homes,  
with spectacular views,  
managed by The Ritz-Carlton Hotel Company.





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A Time & PACE for

# *INNOVATIVE DESIGN*

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Mahasamutr is Hua Hin Country Club & Luxury Villa development, greenery, pool and reflection ponds. built around Asia's first crystal lagoon and beach.





# MAHASAMUTR

HUA HIN

Exclusive Villas and Hua Hin's first Country Club overlook the pristine waters of MahaSamutr Lagoon, measuring more than 800m long. The 120 rai development provides waterside living in a safe and private environment. Construction underway, completion scheduled 2015.





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A Time & PACE for

# *LUXURY THROUGH PURITY*

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Located in the quiet, leafy soi of Saladaeng Soi 1,  
Saladaeng Residences delivers a design  
where understated subtlety triumphs over glitz.







# SALADAENG

RESIDENCES


Steps away from Lumpini Park, sky train and underground. Saladeang Residences provides luxurious homes featuring the finest of materials in one of the city's best locations. Construction completed 2011.





With high quality fit-out, located strategically between Rama IV and Sukhumvit Road, Ficus Lane's residences delivers resort living in the heart of the city. Construction completed 2007.





A Time & PACE for

# *TRANQUILITY*

Bangkok's first low-rise resort style boutique condominium,  
with public facilities including library, gardens,  
greenery, pool and reflection ponds.



# 2013 FINANCIAL HIGHLIGHTS

Unit: Million Baht

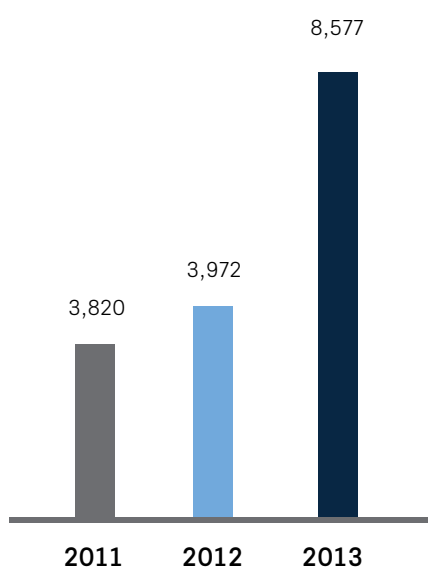
	2011	2012	2013
Total Assets	3,820.10	3,971.80	8,576.60
Total Liabilities	2,968.40	3,078.50	6,428.80
Equity attributable to Owner of the Parent	851.70	893.20	2,750.10
Non-controlling interests	-	-	(602.30)
Total Shareholders' Equity	851.70	893.20	2,147.70
<u>Ratios:</u>			
Current Ratio (times)	1.80	0.50	1.70
Quick Ratio (times)	0.40	0.01	1.20
Gross Profit Margin (%)	26.20	30.10	34.50
Debt to Equity Ratio (D/E*) (times)	3.50	3.40	2.30
Financial Institutions Debt and Short-term Loans from Other Company to Equity* Ratio (times)	0.80	0.44	0.82
Book Value (Baht)	0.59	0.61	1.34

\* Total equity attributable to equity owners of parent

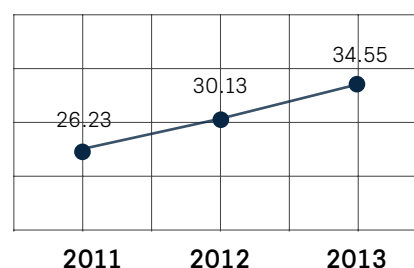
Projects	Cumulative Sales			Cumulative Recognized Revenue			Backlog		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Ficus Lane	814.5	814.5	857.4	765.4	789.9	832.8	49.1	24.6	24.6
Saladaeng Residences	1,601.8	2,242.7	2,315.2	1,041.3	1,955.6	2,200.7	560.5	287.1	114.5
The Ritz-Carlton Residences Bangkok @ MahaNakhon	1,763.1	3,127.0	5,551.8	0.0	0.0	0.0	1,763.1	3,127.0	5,551.8
Total	4,179.4	6,184.2	8,724.4	1,806.7	2,745.5	3,033.5	2,372.7	3,438.7	5,690.9

## 3 YEARS FINANCIAL HIGHLIGHTS

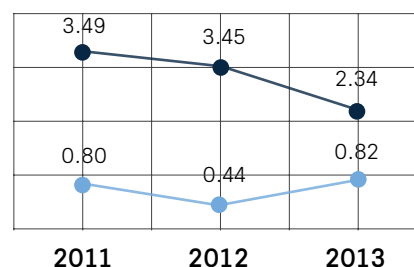
**Total Assets**  
(Million Baht)



**Gross Profit Margin**  
(%)



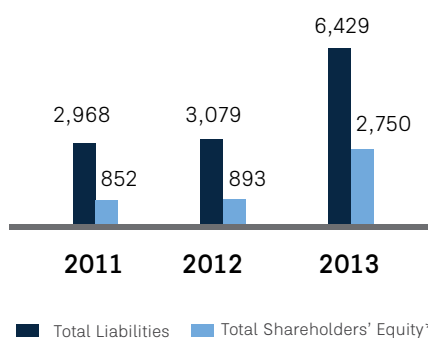
**Leverage Ratios**  
(%)



● Debt to Equity Ratio\*

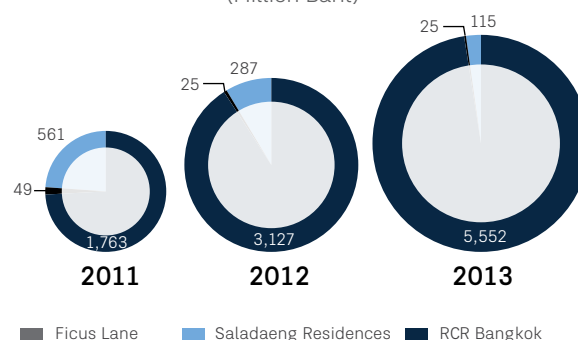
● Financial Institutions Debt and Short-term loans from other company to Equity Ratio\*

**Liabilities and Equity**  
(Million Baht)



■ Total Liabilities ■ Total Shareholders' Equity\*

**Backlog**  
(Million Baht)



■ Ficus Lane ■ Saladaeng Residences ■ RCR Bangkok

\* Equity Attributable to owners of the Parent



*Sorapoj Techakraisri*  
Sorapoj Techakraisri  
Chief Executive Officer

*Kraithip Krairiksh*  
Kraithip Krairiksh  
Chairman

## MESSAGE FROM CHAIRMAN & CEO

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Welcome shareholders, to the Annual Report of PACE Development Corporation PLC,  
Thailand's leading luxury developer.



PACE believes that the Thai property sector will see major opportunities with the opening of the common market for ASEAN Economic Community, or AEC, in 2015. The high-end residential sector will see increased demand as head offices and senior level executives start basing their businesses in Bangkok and the Kingdom of Thailand, with an ongoing increase in executive global standard housing to follow. With a growing population, the investment in infrastructure over the last 10 years has opened the way for the city to grow more sustainably, and the appeal of the city of angels has seen Bangkok expanding in terms of both population and tourism, it has also created gentrification of the most sought after CBD districts where values and demand have increased substantially. Resort markets have benefited from the increases in tourism as well as the growing affluence of the local Thai market who are now increasingly looking to purchase 2nd homes outside of the city.

2013 for the Thai property sector has seen mixed results across the industry. While the Thai economy has continued to grow and expand during the last 12 months, Thai real estate markets remain somewhat connected to the regional policies of our neighbours as well as local consumer confidence in the overall macro-economic environment, both of which have been subject to change in the short-term. PACE remains very confident in the strengths of the high-end segment of the market in the medium to longterm, and we have seen substantial increases in the number and quality of leads coming into our company over the last 12 months. Through building a platform of economic policy for longterm sustainable development, the Kingdom of Thailand will see a flourishing property sector also.

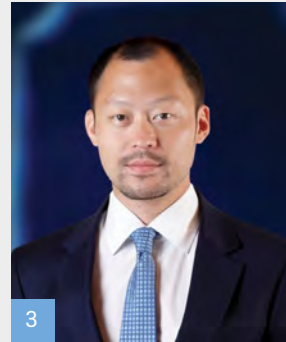
The year past has been a major stepping stone for PACE Development. Listing on the Thai Stock Exchange in July 2013, PACE has sold out Saladaeng Residences, continued construction of the landmark MahaNakhon development and unveiled Hua Hin's first Country Club and Luxury Villa Development called MahaSamutr. Internally, the company has been focused on building the team and strategy which will enable the company to be recognized as a leader in high end development. This starts with good governance and leadership, then is translated to ensuring the best possible customer experience including the sales process as well as delivering the levels of quality promised with each property. The financial performance of PACE has been in line with forecasts revenues and expenses over the last financial year, and PACE will be working to control and drive value innovation through all aspects of the business processes, to



deliver maximum longterm value to all relevant stakeholders. Brand awareness of PACE and our landmark developments has continued to expand as a result of expansion of our sales and marketing partnerships which have taken PACE properties beyond Thailand to global markets.

From a company social responsibility perspective, initial sales of MahaSamutr Country Club memberships were donated in full to the Chai Pattana Foundation under Royal Patronage, and we have also been active in supporting the PACE Learning Centre in Chaiphaphum together with the Beaumont Foundation. PACE takes its role as a positive contributor to the Thai community seriously, and we will be continuing to add and expand our CSR presence in future.

On behalf of PACE Development, We would like to extend our thanks to our shareholders, valued customers, financial institutions, members of the press and our business partners for helping PACE to realize our potential over the last 12 months. In addition, we would like to thank the Board of Directors, Executive Management and valued employees who have all worked hard to help PACE reach a position of leadership within the high-end property sector.



## BOARD OF DIRECTORS

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1. Mr. Kraithip Krairiksh – Chairman of the Board and Independent Director
2. Mr. Chotipol Techakraisri – Vice Chairman of the Board
3. Mr. Sorapoj Techakraisri – Director
4. Mr. Chumpol Techakraisri – Director
5. Mr. Theera Vayakornvichitre – Director
6. Mr. Pornson Patanasin – Director
7. Mrs. Ladda Siri wattanakosol – Director and Independent Director
8. Mr. Prasert Patradhilok – Director and Independent Director
9. Miss Benjaporn Prisuwana – Director and Independent Director



## AUDIT COMMITTEE

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1. Mrs. Ladda Siri wattanakosol – Chairman of Audit Committee
2. Mr. Prasert Patradhilok – Member of Audit Committee
3. Miss Benjaporn Prisuwanna – Member of Audit Committee



# POLICY AND OVERVIEW OF BUSINESS

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## Vision and Mission

Pace Development Corporation Public Company Limited (“the Company”) is positioned as a leader in the high-end sector of Thailand’s real estate development business.

Leveraging a solid understanding of the future needs of the property market, together with a proven record of innovation, the Company focuses on delivering projects which feature superior locations, unique design, outstanding functionality and finest quality.





## VISION

PACE brings new trends to Thailand's real estate market, by improving the landscape through world class design, while redefining and enhancing standards of living.

## MISSION

PACE creates design-driven properties through architectural leadership and innovation. Each development by PACE aims to deliver unique and unrivalled standards meeting the needs of the company's discerning and affluent client base with the following factors:

- Most sought-after prime locations World-class architectural and interior design
- Finest top-end specifications
- Thorough control of the construction process to ensure zero defect quality and timely delivery
- High quality standard guaranteed



THE RITZ-CARLTON RESIDENCES®  
BANGKOK

## NEW RELEASE 2 BEDROOM CORNER RESIDENCES NOW SELLING



### OWN THE HEIGHT OF LUXURY

As Thailand's tallest building, The Ritz-Carlton Residences at MahaNakhon will be Bangkok's most prestigious address. Located in the heart of the city, residents will enjoy spectacular views across the city, with the highest levels of specification. Each Residence features the legendary service of The Ritz-Carlton, combined with the quality created by PACE Development, Thailand's leading luxury developer.

Now is the time to own this landmark development. PACE is proud to present a select number of newly released Corner Residences now available, offering the finest 2 Bedroom layouts for investment or your own home.

Prices from 40m Baht

To find out more contact:

+ 66 2 234 1414 sales@rcr-bangkok.com www.rcr-bangkok.com

Sales Gallery at MahaNakhon Pavilion is by appointment.

Construction now underway

**MAHA  
NAKHON**

The Developer reserves the right to change any information and/or conditions contained herein in its sole discretion. The Ritz-Carlton Residences, Bangkok are being developed by the Developer, Pace Project Inc Co., Ltd. and not by The Ritz-Carlton Hotel Company, L.L.C. or its affiliates. The Ritz-Carlton has not confirmed the accuracy of any of the statements or representations made herein, and Ritz-Carlton is not part of or an agent for the Developer and has not acted as broker, finder or agent in connection with the sale of The Ritz-Carlton Residences, Bangkok.

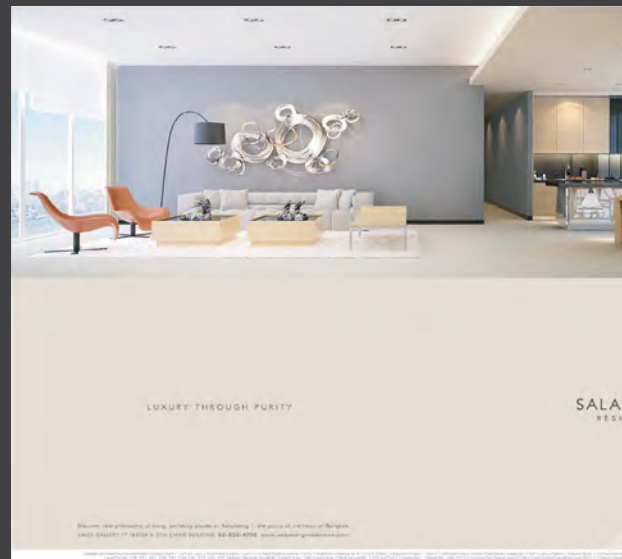


**PACE**

PACE DEVELOPMENT CORPORATION PLC

**THERE'S A TIME  
AND A PACE  
FOR EVERYTHING**

WWW.PACEDEV.COM



# MAHASAMUTR

HUA HIN

Luxury Villas | Country Club | Beach Club

FROM 35M BAHT Tel. 02 237 1414 MAHASAMUTR.COM







THE RITZ-CARLTON RESIDENCES®  
BANGKOK

NEW RELEASE

## 2 BEDROOM CORNER RESIDENCES NOW SELLING

PRICES FROM 40M BAHT

02 234 1414

www.rcr-bangkok.com

MAHA  
N-KHON

The Ritz-Carlton Residences, Bangkok are being developed by the Developer, Pace Project Two Co., Ltd. and not by The Ritz-Carlton Hotel Company, L.L.C. or its affiliates ("Ritz-Carlton"). Ritz-Carlton has not confirmed the accuracy of any of the statements or representations made herein, and Ritz-Carlton is not part of or an agent for the Developer and has not acted as a broker, finder or agent in connection with the sale of The Ritz-Carlton Residences, Bangkok.



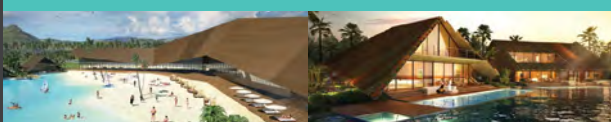
MAHASAMUTR  
HUA HIN

Luxury Villas | Country Club | Beach Club

FROM 35M BAHT REGISTER YOUR INTEREST TEL. 02 237 1414  
MAHASAMUTR.COM FACEBOOK.COM/MAHASAMUTR



Pace Project Two Co., Ltd. is a subsidiary of Pace Group Public Co., Ltd. (Pace Group) which is a public company listed on the Stock Exchange of Thailand. Pace Group is a leading real estate developer in Thailand. The Ritz-Carlton Residences, Bangkok are being developed by Pace Project Two Co., Ltd. and not by The Ritz-Carlton Hotel Company, L.L.C. or its affiliates ("Ritz-Carlton"). Ritz-Carlton has not confirmed the accuracy of any of the statements or representations made herein, and Ritz-Carlton is not part of or an agent for the Developer and has not acted as a broker, finder or agent in connection with the sale of The Ritz-Carlton Residences, Bangkok.



Advertising for each PACE development uses print, outdoor and electronic media to emphasize location, quality, mixed-use convenience, and luxury.

Design of advertising reflects the key selling points and carefully planned brand positioning for each property.









A planned combination of events, public relations and online marketing combined with materials and images to support sales enables PACE to reach a discerning client base in both local and international markets. Forming part of an overall marketing strategy, complete attention to detail enables PACE to maintain the position as Thailand's leader in luxury real estate.





**SAVE THE DATE**

YOU ARE CORDIALLY INVITED TO DISCOVER A NEW PHASE FOR ONE OF BANGKOK'S LANDMARK ADDRESSES...

**OWN THE HEIGHT OF LUXURY**

A COCKTAIL RECEPTION WELCOMING PACE DEVELOPMENT & THE RITZ-CARLTON RESIDENCES, BANGKOK AT MAHANAKHON TO SINGAPORE

6.30 PM - 8 PM, NOVEMBER 22, 2013  
THE RITZ-CARLTON SUITE  
THE RITZ-CARLTON, MILLERIA SINGAPORE

TO RSVP OR FOR MORE INFORMATION  
STEPHEN CHOI  
M + 65 9819 9355, Stephen@CBRE.com.sg



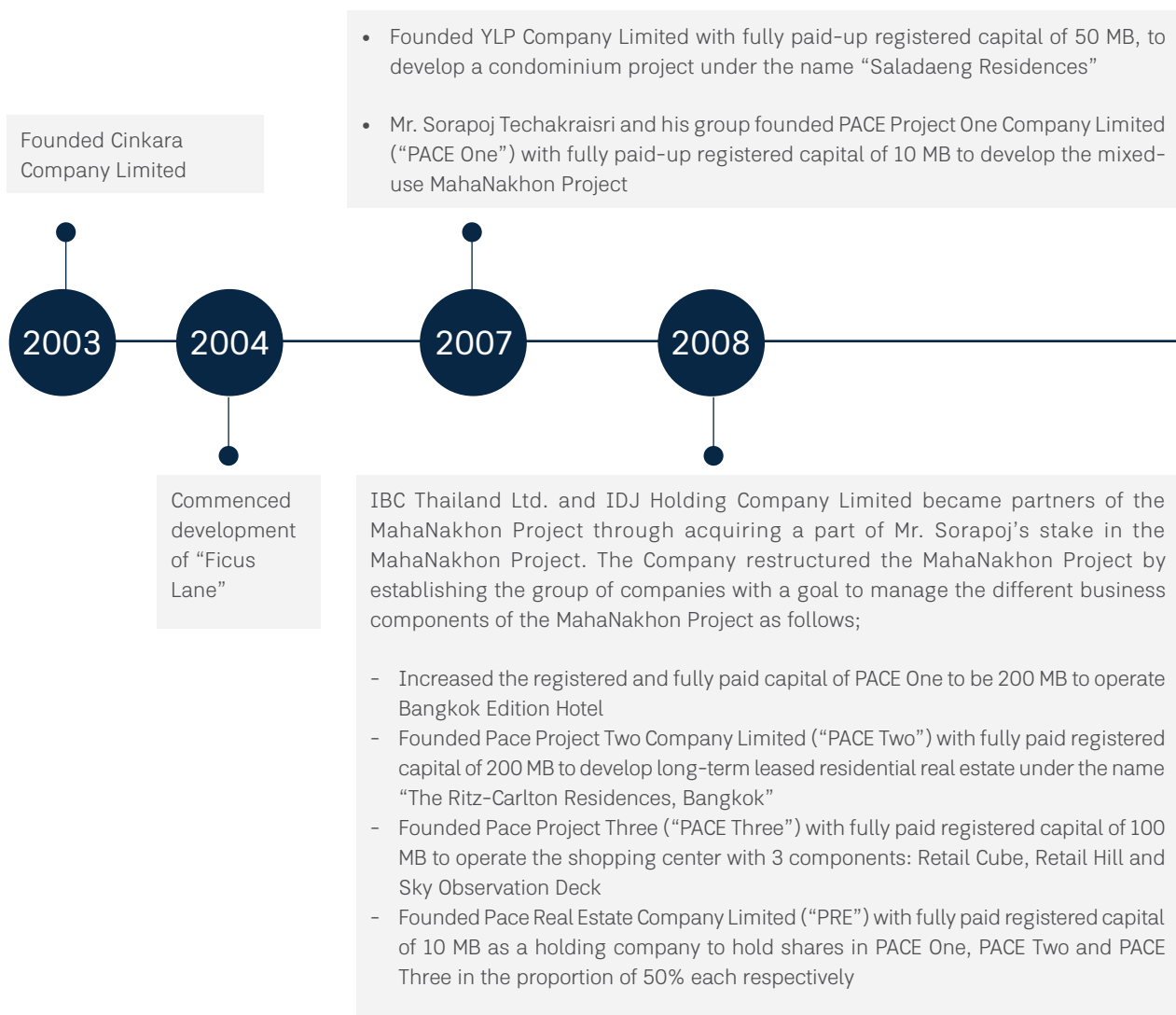


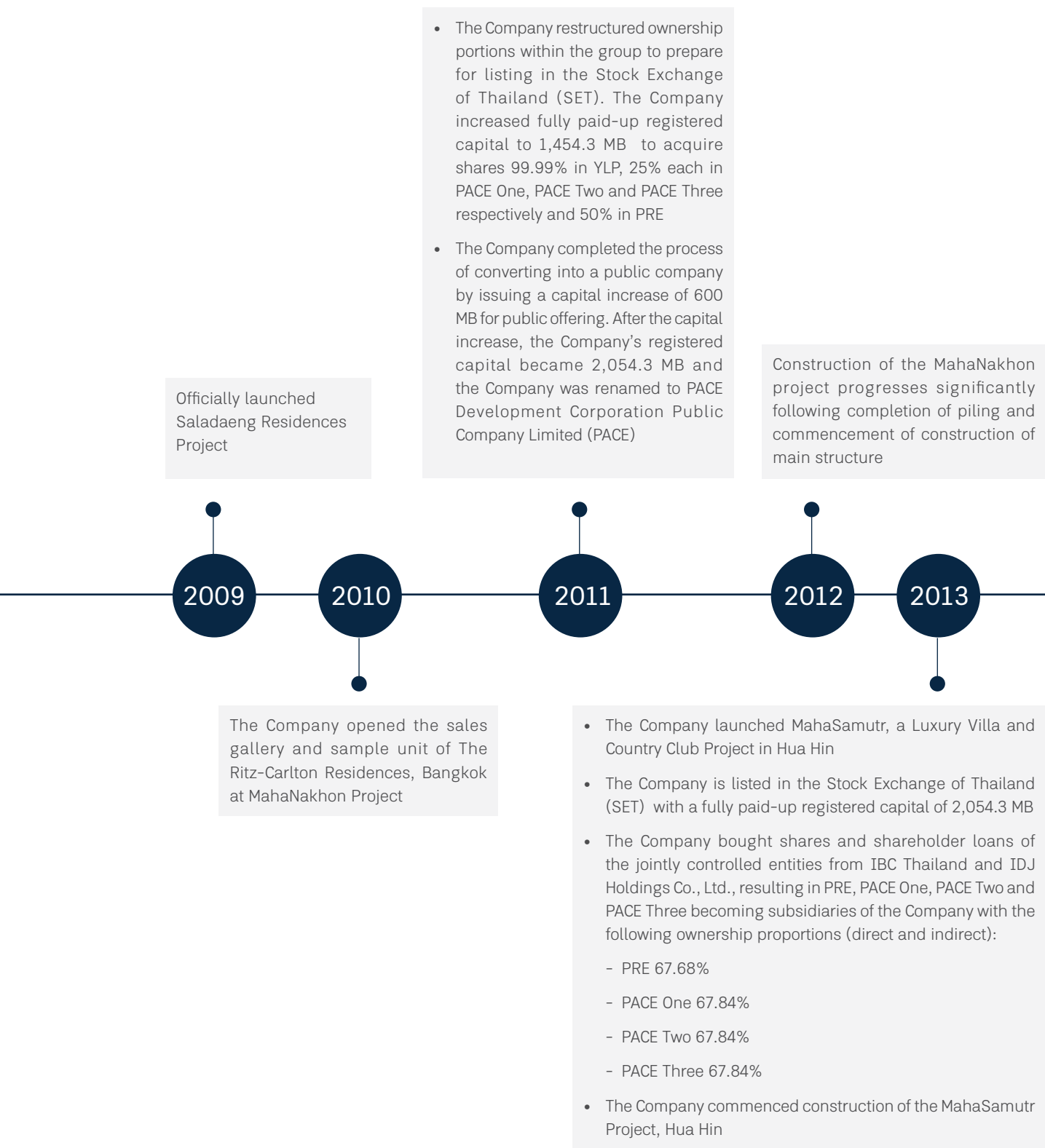


## Significant Changes and Development

Pace Development Corporation Public Company Limited (“the Company”) has its main business in real estate development for sale, lease, and service purposes. As of December 31, 2013, the Company’s registered capital and paid capital is 2,054.3 MB (Million Baht). The Company has its head office situated at 87/2 CRC Tower, All Seasons Place, 45th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok.

The Company was founded on September 1, 2003, under the name of “Cinkara Company Limited” with fully paid capital of 2 MB and on November 6 2003, Mr Sorapoj Techakraisri and the Company increased its capital to fully paid 10 MB. The Company started its main business of real estate development by launching Ficus Lane, a residential project situated on Sukhumvit 44/1 Road. Thereafter, Mr. Sorapoj Techakraisri founded related companies to develop other projects with the aim of becoming the leader in the luxury real estate business targeting high-end consumers. Mr. Sorapoj together with his group of companies has achieved important milestones as follows:



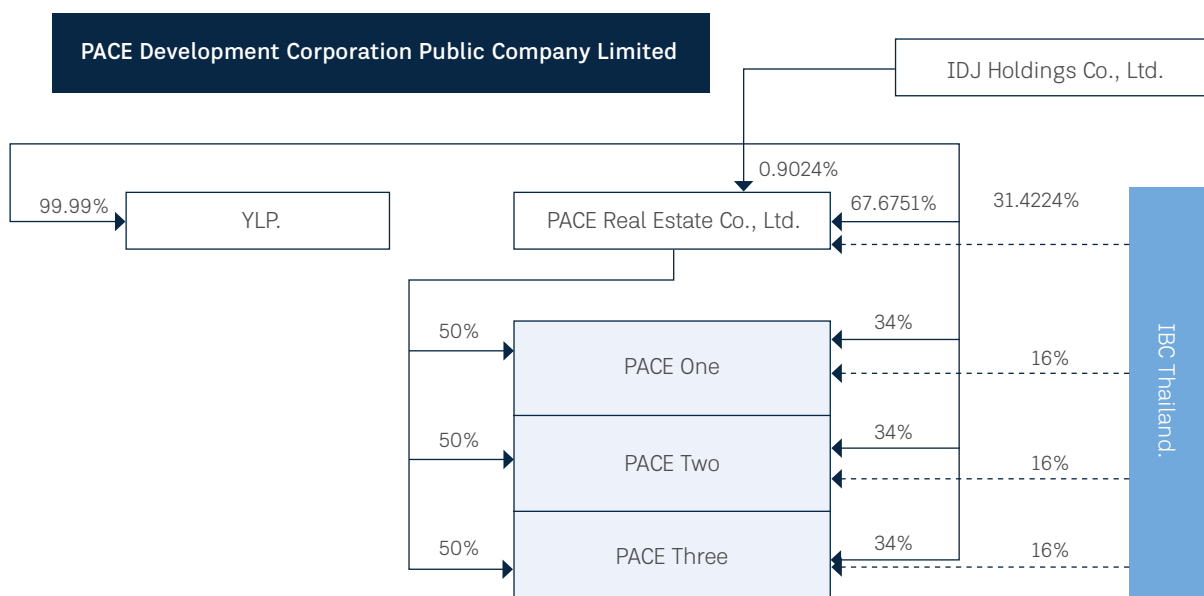




## Overview of Business and Subsidiaries

As of December 31, 2013, the Company has 5 subsidiaries which are: YLP Co., Ltd. (YLP); Pace Real Estate Company Limited (PRE); Pace Project One Co., Ltd (PACE One); Pace Project Two Co., Ltd. (PACE Two); and, Pace Project Three Co., Ltd. (PACE Three).

The structure of the Company and subsidiaries is shown below:



Note : - IBC (Thailand) Ltd. is an Israeli company registered in Israel. It is a company under the group of Industrial Buildings Corporation Ltd. (IBC), a company listed in Tel-Aviv Stock Exchange in Israel

- IDJ Holdings Co., Ltd. is a Thai company registered in Thailand as an investment partner in the MahaNakhon Project

- The total of direct and indirect shareholding proportions in the diagram above is reflected in the table shown in the timeline section year 2013. i.e.  $34\% + 50\% \times 67.6751\% = 67.84\%$

As of December 31, 2013, the Company and its subsidiaries have a total of 4 projects consisting of Ficus Lane, Saladaeng Residences, MahaNakhon and MahaSamutr Hua Hin.

Project Name	Owner	Project Characteristic	Construction period
1. Ficus Lane	PACE	Two 7-storey residential buildings, with 70 units in total, situated on Sukhumvit 44/1 Rd.	2004-2006
2. Saladaeng Residences	YLP	132 units, super-luxury residential building in Soi Saladaeng with 25 floors above ground and 5 underground floors	2008-2011
3. MahaNakhon		Mixed-use building adjacent to Chongnonsri BTS Station, Narathiwas Rajanagarindra Rd.	
3.1 Bangkok Edition Hotel	PACE One	159 rooms, 5-star luxury boutique hotel	2011-2015
3.2 The Ritz-Carlton Residences Bangkok	PACE Two	200 units, super-luxury residences	2011-2015
3.3 Retail Center	PACE Three	Luxury lifestyle retail center	
3.3.1 Cube Building (Retail Cube)		Approximate total leasable area of 5,253 sq.m.	2011-2014
3.3.2 Main Building (Retail Hill and Sky Observation Deck)		Approximate total leasable area of 2,434 sq.m. Approximate observation area of 2,139 sq.m.	2011-2015
4. MahaSamutr Hua Hin	PACE	81 Luxury Villas and Country Club located at Soi 112, Hua Hin, Prachuabkhirikhan	2013-2015



## OPERATION OF BUSINESS

### Characteristics of products and services

The Company and subsidiaries generate revenues from the following projects:

(Unit: Million Baht)

Revenue type	Operated by	Consolidated Financial Statement							
		2010		2011		2012		2013	
		Revenue	%	Revenue	%	Revenue	%	Revenue	%
1. Ficus Lane	PACE	-	-	-	-	24.6	2.3	42.3	12.3
2. Saladaeng Residences	YLP	-	-	1,041.3	94.7	914.3	83.9	245.1	71.0
<b>Total operating revenues</b>		-	-	1,041.3	94.7	938.9	86.2	287.4	83.3
3. Other revenues									
Revenues from leases and services		1.4	6.0	1.6	0.1	1.9	0.2	3.9	1.1
Profit from unit sales in residential buildings and rental equipment		10.3	43.5	0.4	0.0	-	0.0	-	-
Interest income		1.6	6.9	36.6	3.3	104.4	9.6	32.3	9.4
Management fees		-	-	10.0	0.9	30.0	2.8	15.0	4.3
Profit (loss) from foreign exchange		7.7	32.5	-	-	0.5	0.0	-	-
Other*		2.5	10.5	8.8	0.8	-	-	-	-
Other income		0.1	0.6	1.5	0.1	13.2	1.2	6.6	1.9
<b>Total other revenues</b>		23.6	100.0	58.9	5.3	150.0	13.8	57.8	16.7
<b>Total revenues</b>		23.6	100.0	1,100.1	100.0	1,088.9	100.0	345.2	100.0

\* includes profits from equipment sales, income from compensations and indemnities, reverse transfer of advances, reverse transfer of construction payables, and reverse transfer of retention payables

The main business of the Company and subsidiaries is real estate development for sales, lease and service purposes. The Company differentiates its projects from others available in the market using a unique and high-quality design to satisfy target customers who have specific needs and life-styles. In so doing, it places great emphasis on careful scheme designing and development of each and every project. Details of the Company's projects are described below:

## Past projects



**FICUS LANE**  
Condominium

**FICUS LANE**

Ficus Lane is the Company's first residential condominium project. Its construction started in 2004 and completed in 2006. The project's detailed information is shown below.

### Project Detail (As of December 31, 2013)

Location	Soi Sukhumvit 44/1(Pichaisawat) Sukhumvit Road, Klong-Toei District, Bangkok
Total area	2-3-57 Rai (1,157sq.wah)
Sale area	Approximately 12,109.8 sq.m.
Average sale price per sq.m.	Approximately 75,000 Baht/sq.m.
Project's detail	Two 7-storey residential buildings
Project's features	<ul style="list-style-type: none"> <li>• Prime location in Soi Sukhumvit 44/1, adjacent to Phrakhanong BTS station</li> <li>• High level of privacy and security</li> </ul>
Number of units	70 residential units, categorized into three types: <ul style="list-style-type: none"> <li>• Residential units with 1-3 bedrooms: 60 units</li> <li>• Residential units with 3-4 bedrooms: 6 units</li> <li>• Penthouse: 4 units</li> </ul>
Project value	Approximately 910.0 MB
Construction period	2004 - 2006
Sale period	2004 - present*
Progress on construction	100% (construction completed)
Progress on sale	Units sold and under contracts equal to 95.2% of total sales area
Recognizable portion	92.1% (67 units)

\* As of December 31, 2013, Ficus Lane has one 366.6 sq.m. residential unit whose sale agreement has been signed but ownership transfer has not been completed and two unsold units with a total area of 585.09 sq.m.





## SALADAENG RESIDENCES

### SALADAENG RESIDENCES

Details of the project are shown below:

#### Project Detail (As of December 31, 2013)

Location	Soi Saladaeng 1, Silom Road, Silom Sub-district, Bang-rak District, Bangkok
Total area	584 sq.wah
Sale area	Approximately 13,087.9 sq.m.
Average sale price per sq.m.	Approximately 180,000 Baht/sq.m.
Project's detail	A residential building with 25 floors above ground and 5 floors below ground
Project's features	<ul style="list-style-type: none"> <li>• Prime location in Soi Saladaeng 1, accessible by 3 main roads: Silom Rd., Sathorn Rd., and Rama IV Rd.</li> <li>• Close to Saladaeng BTS station and Lumpini MRT station</li> <li>• Close to Lumpini Park, a sizable public recreational park in Bangkok</li> <li>• Fully equipped amenities</li> <li>• High level of privacy and security</li> </ul>
Number of units	132 residential units, categorized into four types: <ul style="list-style-type: none"> <li>• 1- bedroom residential units with total area of 60-66 sq.m.: 50 units</li> <li>• 2- bedroom residential units with total area of 89-121 sq.m.: 67 units</li> <li>• 3- bedroom residential units with total area of 161-206 sq.m.: 12 units</li> <li>• Penthouses with total area of 211-393 sq.m.: 3 units</li> </ul>
Project value	Approximately 2,338.0 MB
Construction period	2008 - 2011
Sales period	Quarter 4/2008 – present*
Progress on construction	100% (construction completed)
Progress on sales	Units sold and under contracts equal to 99.0% of total sales area
Recognizable portion	94.7% (127 units)

\* As of December 31, 2013 Saladaeng Residences has five residential units remaining with total area of 689.11 sq.m., whose ownership transfer has not been completed. Four of the remaining residential units with total area of 562.44 sq.m. have been sold and agreements have been signed.

## Ongoing projects



# MAHA NKHON

## MahaNakhon Project

MahaNakhon is a mixed-use project that consists of 1) a super-luxury residential condominium under the name “the Ritz-Carlton”, 2) a 5 star luxury boutique hotel under the name “Bangkok Edition”, managed by the Ritz-Carlton Hotel Company, and 3) three lifestyle centers, including Retail Cube, Retail Hill and Sky Observation Deck.

### Features

“MahaNakhon” is designed to be perceptually surrounded by 3-dimension glass ribbons, or what is termed “Pixels”, covering the entire height of the building. This not only creates a stunning and unique visual presentation as if the building was wrapped by the sky, but also enables the building’s dwellers to have panoramic view.

When completed, MahaNakhon will be 314 meters in height and will become the tallest building in the history of Bangkok. This mixed-use project is designed to be a landmark architectural icon that grandly embellishes Bangkok, the capital city of Thailand.

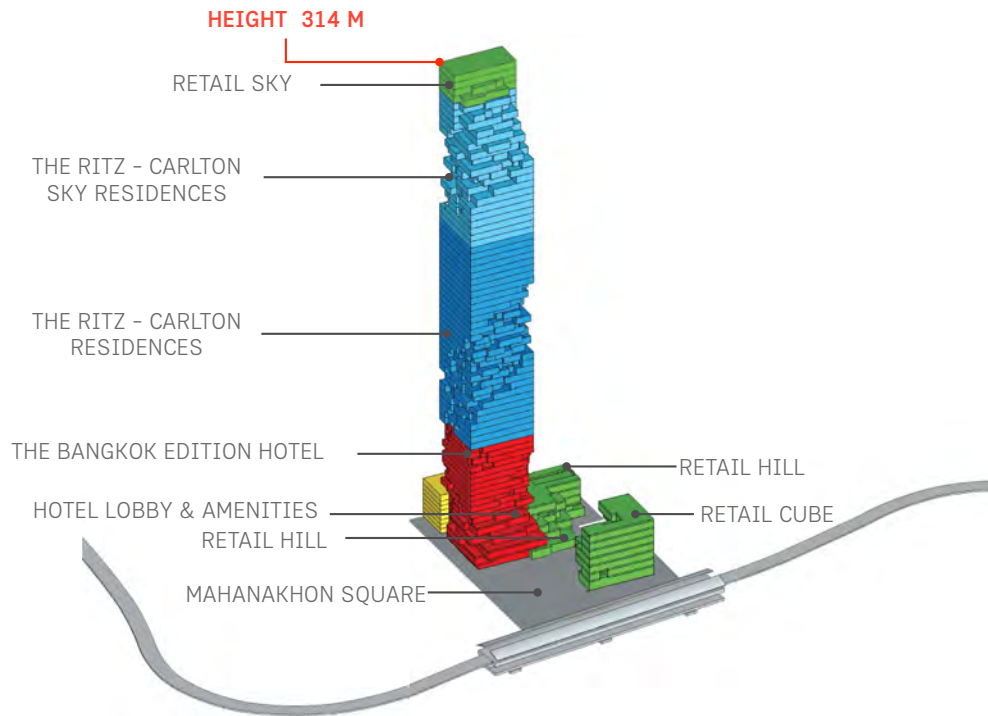
### Project’s History

The Company co-founded PRE, PACE One, PACE Two and PACE Three with IBC Thailand Ltd., a subsidiary of Industrial Buildings Corporation Co., Ltd. (IBC) which is listed in the Tel Aviv Stock Exchange in Israel. IBC is a sizable real estate development company under the Fishman Group, one of Israel’s largest private investment groups specializing in investing in real estates, retail stores, media, and telecommunication businesses. PRE, PACE One, PACE Two and PACE Three were established with a common purpose to develop MahaNakhon Project. Spearheaded by PACE’s executive team, the project is situated on a 9-Rai-1-Ngan-51.1-sq.wah land lot in Bangkok’s business area between Silom Rd. and Sathorn Rd. and is adjacent to Chongnonsri BTS station. MahaNakhon is created to be a mixed-use development with unique architectural design and will become the tallest building in Bangkok at completion. Apart from parking building, the project consists of two buildings as follows:

Building	Height	Area Utilization	Construction period
1. Main Tower	77 floors*	<ul style="list-style-type: none"> <li>Retail Hill (1st-5th Floor)</li> <li>Hotel (1st-20th Floor)*</li> <li>Residential (23rd-73rd Floor)</li> <li>Sky Observation Deck (74th-77th Floor)</li> </ul>	2011-2015
2. Cube Tower	7 floors	<ul style="list-style-type: none"> <li>Retail Cube</li> </ul>	2011-2014

\*The floor numbers were assigned by the project’s sales department, who omits 21<sup>st</sup> and 22<sup>nd</sup> Floors as they are middle layers between hotel and residential zones. Six transfer floors were also counted as three, resulting in MahaNakhon having 72 floors, which is consistent with the number of floors defined in the application for construction permit given to Bangkok Metropolitan Administration.





The buildings will host three different functions: 5 star luxury boutique hotel, super-luxury residences (offered in the form of long-term lease)\*, and retail center consisting of several world-leading brand-named shops and the Sky Observation Deck. Details of the each function are shown below.

**HOTEL**  
Bangkok Edition Hotel

**RESIDENCES**  
The Ritz-Carlton Residences Bangkok

**RETAIL CENTER**  
Retail Cube  
Retail Hill  
Sky Observation Deck

**EDITION**



**MAHA  
N\_AKHON**

- A super-luxury boutique hotel under a new brand from the Marriott International Group and is managed by the Ritz-Carlton Hotel Company

- A super-luxury residential development under an internationally recognizable brand  
- Long-term leasehold rights for 103 years\*  
- Residents will be served with the same service level as those offered in a 5 star luxury hotel

- A retail center that hosts world-famous gourmet shops offering pleasing food-bon-vivant experiences, such as Dean & DeLuca, Vogue lounge and L'Atelier de Joel Robuchon, to satisfy gastronomic life styles of the dwellers and the neighboring office workers

\* On Feb 7, 2014, the Company's subsidiaries purchased the land of the MahaNakhon Project and already changed the ownership structure in MahaNakhon Project from leasehold to freehold.

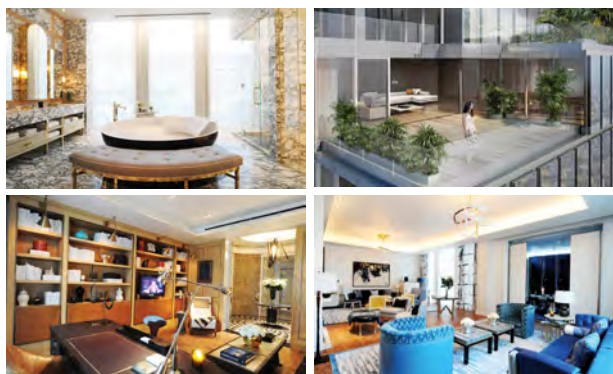


#### MahaNakhon Project Details (As of December 31, 2013)

Location	On Narathiwas Rajanagarindra Road, Bangrak District, Bangkok
Total area	9 Rai 1 Ngan 51.1 sq.wah
Project's detail	Three buildings; <ol style="list-style-type: none"> <li>1. Main Tower: high-rise building to be developed as a retail center, a hotel, and residences</li> <li>2. Retail Cube: low-rise building to be developed as a retail center</li> <li>3. Parking building</li> </ol>
Construction period	<ol style="list-style-type: none"> <li>1. Main Tower 2011-2015</li> <li>2. Retail Cube 2011-2014</li> <li>3. Parking building 2014 -2015</li> </ol>
Sales period	<ol style="list-style-type: none"> <li>1. Main Tower 2009 - 2015</li> <li>2. Retail Cube 2012 - 2014</li> </ol>
Project's features	<ul style="list-style-type: none"> <li>• <b>Location:</b> Situated on Narathiwas Rajanagarindra Road, between Sathorn Road and Silom Road, adjacent to Chongnonsri BTS station</li> <li>• <b>Building characteristics:</b> The building is designed under “the Pixel Concept”; the building is surrounded by perceptual 3-dimension glass ribbons. This enables dwellers to have panoramic view. It is also designed to be the tallest edifice in Thailand.</li> <li>• <b>Project mixed-use facilities:</b> consisting of <ol style="list-style-type: none"> <li>1. <b>Hotel:</b> A 5 star luxury boutique hotel under a new brand of Marriott Group and managed by the Ritz-Carlton Hotel Company</li> <li>2. <b>Residences :</b> A super-luxury residential development under an internationally recognizable brand “the Ritz-Carlton Residences Bangkok”</li> <li>3. <b>Retail center:</b> A shopping center with leading world-class shops and retailers that offers complete products and services needed in daily life. The retail center consists of two zones: Retail Cube, which is connected to Chongnonsri BTS station by a skywalk, and Main Tower, in which the Retail Hill and Sky Observation Deck are situated</li> </ol> </li> </ul>
Progress on construction (As of December 31, 2013)	<ol style="list-style-type: none"> <li>1. Main Tower (Hotel zone) 13.38% (Residential zone) 19.37% Retail Hill and Sky Observation Deck 16.4%</li> <li>2. Retail Cube 76.72%</li> <li>3. Parking building – has not commenced</li> </ol>



## MahaNakhon Project Details



**Main Tower**  
(Residential zone: The Ritz-Carlton Residences)

### Details of each project in MahaNakhon Main Tower

<b>Location</b>	Approximately 93,612 sq.m. (including allotted areas for parking space and building system work)
<b>Leasable area</b>	Approximately 47,915 sq.m.
<b>Average lease per sq.m.</b>	Approximately 250,000 Baht/sq.m.
<b>Target customers</b>	Thai and foreign investors
<b>Number of units</b>	Approximately 200 units residential building, categorized into <ul style="list-style-type: none"> <li>Residential units with 3-5 bedrooms and total area of 274-728 sq.m. (The Ritz-Carlton Sky Residences): 37 units</li> <li>Residential units with 2-3 bedrooms and total area of 125-310 sq.m. (The Ritz-Carlton Tower Residences): 163 units</li> </ul>
<b>Progress on long-term lease</b>	The number of residential units under lease agreements is 112 units, or 45.9% of the total project area
<b>Payment conditions</b>	<p><b>Subscription deposit, contract payment, and down payment:</b> Subscription deposit and contract payment are approximately 15% of the unit price. Down-payment is 20% of the unit price</p> <p><b>Installment for down payment:</b> 1 - 36 installments depending on the remaining project development period</p> <p><b>Transfer payment:</b> Approximately 65% of the unit value</p>

\* As of December 31, 2013, there were 112 units of the Ritz-Carlton Residences Bangkok Project under long-term lease contracts, equivalent to 21,999.86 sq.m., or 45.9% of the leasable space of 47,915 sq.m, totaling 5,551.8 MB. of the lease contract value. Furthermore, there are 10 units under reservation, equivalent to 2,750 sq.m., or 5.7% of the leasable area, totaling 807.3 MB. of the reservation value. In summary, there were 122 units under signed long-term lease contracts and reservation, equivalent to 24,749.86 sq.m., or 51.7% of the leasable area, totaling 6,359.0 MB. of the total contract value. Note that as of December 31st, 2013, PACE has not recognized revenue on the sold long-term leases and reservation. The Company will start recognizing revenue when the construction and the ownership transfer are completed.

\* On Feb 7, 2014, the Company's subsidiaries purchased the land plot of MahaNakhon Project and already changed the ownership structure in MahaNakhon Project from leasehold to freehold.

### Main Tower (Hotel)

<b>Total area</b>	Approximately 39,682 sq.m.(including allotted areas for parking space and building system work)
<b>Number of rooms</b>	159 rooms
<b>Target customers</b>	Thai and foreign travelers and businessmen



**Main Tower (Retail center–Retail Hill and Sky Observation Deck)**

#### Details

<b>Total area</b>	Approximately 10,624 sq.m. (including allotted areas for parking space and building system work)
<b>Leasable area</b>	2,434 sq.m. (Retail Hill) 2,139 sq.m. (Sky Observation Deck)
<b>Target customers</b>	Occupants in the hotel and the residences of MahaNakhon Project and the neighboring areas, such as The Infinity Condominium, and The Met Condominium, and workers in the adjacent offices, such as Asia Center, Empire Tower and Bangkok City Tower



**Retail Cube (Retail Center–Retail Cube)**

#### Details

<b>Total area</b>	Approximately 9,852 sq.m. (including allotted areas for parking space and building system work)
<b>Leasable area</b>	5,253 sq.m.
<b>Target customers</b>	Occupants in the hotel and the residences of MahaNakhon Project and the neighboring areas, such as The Infinity Condominium, and The Met Condominium, and workers in the adjacent offices, such as Asia Center, Empire Tower and Bangkok City Tower
<b>Example of other projects in the same area</b>	<ul style="list-style-type: none"> <li>• Q House Lumpini Life Center</li> <li>• City Viva</li> </ul>





MAHASAMUTR  
HUA HIN

### MahaSamutr Project

Situated in an upper market beach resort town, MahaSamutr Hua Hin Project is a cluster of luxury resort-style Villas and a luxurious Country Club.

MahaSamutr features an artificial lagoon and a man-made sand beach that offer breezy yet ritzy environment in a safe atmosphere, suitable for family gatherings and recreational activities. The 800-meter-long lagoon, situated on the 72,000-sq.m. lot, is visible and accessible from all villas, making the stay very much pleasant and packed with fun activities, such as swimming, paddle-boarding, diving, and other water sports.

With the latest technology from Crystal Lagoon Corporations, the color and the quality of the water is tested and carefully monitored to ensure environment reservation and energy saving.

#### MahaSamutr Project Details (As of December 31, 2013)

Location	Soi 112 Hua-Hin District, Prachuabkhirikhan Province
Total area	Approximately 128 Rai 2 Ngan 84.9 sq.wah
Sales area	81 luxury villas
Sales price	Approximately 40 million Baht/ Villa
Project details	<b>Residential units:</b> MahaSamutr Villa (Approximately 81 resort-style villas) <b>Country Club:</b> Hua Hin Country Club, managed by PACE and supported by ILC (for members and residents) <b>Beach Club:</b> MahaSamutr Beach Club, managed by PACE and supported by ILC
Project value	Approximately 3,280.0 MB. (excluding the value of the Country Club)
Construction period	Construction started in Quarter 3/2013 –2015
Sales period	Sales to start and opening of sales office in Quater 3 2014
Project features	The 800-meter-long lagoon with the total area of 72,000 sq.m.
Progress on construction (as of December 31, 2013)	Approximately 55.08% of the soil leveling process was completed

## Marketing and Competition

### 1. Market condition

The Company and subsidiaries mutually determined the group's competitive strategies in residential, hotel, and retail businesses as follows:

#### Residential Business

##### Competitive Strategy

##### Strategic location

The Company places high emphasis on selecting the right location for its projects, as location is a main key driver for the success of the real estate business. The Company will choose project locations in the business center areas that are close to transit systems and highly accessible. For example, the location of MahaNakhon Project is between Silom Rd. and Sathorn Rd. and adjacent to Chongnonsri BTS station. This is the area with continuous expansion of office space and new residential facilities and it is expected to host a high-purchasing-power community in the near future.

Aside from selecting the best location in Bangkok's city center, the Company is also interested in investing in prime locations in tourist destinations. For instance, it bought the land in Hua Hin, Prachuabkhirikhan Province to develop resort-style villas in its pipeline project aptly named "MahaSamutr".

##### Product

The Company eminently focuses on developing the right types of projects that are suitable for each location. PACE doesn't restrict its investment universe to only residential developments, though; if the acquired land is suitable for other types of developments, the Company will not hesitate to adjust its objective to bring out the best use of the location. For example, MahaNakhon Project is designed to be a mixed-use project that incorporates residences with hotel and retail center in one place. This is just to ensure maximum utilization of the prime location in the city center.

Apart from a novel design suited to each location, another equally important success factor is the quality of the project. As the Company's target customers are in the upper market segment (high-purchasing-power group), in which super-luxury exclusivity is highly valued, expectation towards

superior quality is very high. The Company, therefore, put in place strict quality-control measures under the "Zero Defect" policy to be followed before delivering projects. Indeed, this policy has been highly blessed by PACE customers, including those of Saladaeng Residences Project.

##### Target customer

Recognizing varieties of customer segments and their distinctive needs and wants, the Company focuses on serving not only super-luxury ones but also other classes of customers. To better understand and serve its customers, the Company constantly carries studies on customers' preferences and designs its project to match customers' expectations accordingly. Before the start of MahaNakhon Project, for example, the Company devoted its resource to study target customers: Thai people dwelling in the city center, tourists, and foreign investors who enjoy convenient and modern life-styles. Such study led to the choosing of the brands "Bangkok Edition Hotel" and "The Ritz-Carlton Residences", a 5 star luxury boutique hotel and an international residence under the Marriott Group both managed by the Ritz-Carlton Hotel Company.

##### Pricing

The Company has policy concerning pricing its project in a competitive range when compared to market prices of the projects of similar nature. In practice, it considers several factors, such as project architectural features, the brands of the projects, projects' amenities, visual features of the residences, project cost, and required rate of return. Nevertheless, its main consideration in project pricing is the relative quality-to-price rate.

##### Operation Strategy

The Company places high importance on professionalism. It also selects high-profile outsourced administrative teams to manage some of its project.

##### Marketing and public relation

The Company's marketing and public relation policies focus on getting access to the upper-class customers efficiently through various marketing means. Such means are, for example, direct marketing, in which the marketing messages are sent effectively to the target customers with lower marketing budget compared to other approaches, and



mock-up room, in which customers can expose themselves to the layout of the room, the material used in the room, and the atmosphere of the project. This allows the customers to decide on their purchase more quickly and confidently.

In addition, the Company also organizes project road shows for target customers in other countries to convey marketing messages and provide detailed information to foreign customers directly.

### **Strategic and distribution channels**

The Company's sales force is highly professional, effective, and deeply knowledgeable in the products they sell. For the Ritz-Carlton Residences Bangkok, the Company specially handpicked the sales team that had experiences living in foreign countries in order to properly communicate with the clients and perform after-sales services. In general, the sales team is responsible for accommodating customers who visit sales offices to see sample rooms at the site. Prospective customers can also find projects' detailed information at website [www.pacedev.com](http://www.pacedev.com).

Furthermore, the Company also outsources professional sales representatives to help administer the distribution of the projects. For example, it hired C.B. Richard (Thailand) Co., Ltd., a leading sales representative agent in Thailand, to help distribute residential units in Ficus Lane, Saladaeng Residences, and The Ritz-Carlton Residences Bangkok.

### **Retail Center Business**

#### **Competitive Strategy**

#### **Strategic location**

Situated in a business center area, PACE's retail center is surrounded by main business streets, such as Silom Rd. Narathiwas Rajanagarindra Rd. and Sathorn Rd. The retail center's main attraction is its several world-class shops, most of which have no existing branches in Thailand, and its extensive area coverage, as there are only a few comparable retail centers in the same location. To popularize it even more, the Company plans to directly connect Retail Cube, or MahaNakhon Cube, to Chongnonsri BTS Station. A survey done by DTZ Research-Thailand indicated that there is more than 1,400,000 sq.m. of office spaces in Silom, Sathorn and other neighboring zones around MahaNakhon Project. Such office spaces as Empire Tower and Sathorn City Tower. There are several residential facilities as well. Being able to commute conveniently by the BTS, potential customers are expected to pay frequent visits to the shopping center and

significantly fuel the success of MahaNakhon Cube and Sky Observation Deck.

### **Product**

Zoning and tenant mix are the heart and soul of any shopping center. Retailers are also important players who contribute to its success. The Company's retail center is divided into 3 zones: Food and Beverages Zone, Services Zone (including supermarket, drug stores, etc) and Recreational Zone (including spa, fitness, etc.).

The Company uniquely designs its retail center to stand out from others by a distinctive architectural design, well-known shops, and various interior components, such as walkways and courtyards. All of the architectural components are carefully formed to create pleasant shopping atmosphere and mood.

### **Target customer**

Anchor tenants are expected to draw customers' attention to the shopping center. Therefore, the Company plans to engage several magnet shops, such as Dean and DeLuca Gourmet Food Hall, Vogue Lounge, and L'atelier de Joel Robuchon Restaurant. PACE will select only well-qualified anchor tenants who can attract potential customers to increase spending and traffic.

### **Pricing**

The Company's lease rate is slightly higher than that of competitors to account for a more convenient location and higher-than-average purchasing power of the surrounding potential customers.

### **Operation Strategy**

The Company has a policy to carefully select participating retailers by appointing Husband Retail Consulting, a professional retail business consultant, to handle the design of a proper retail mix that truly matches the life styles of the residents and the office workers in the surrounding areas.

### **Marketing and public relation**

The Company focuses on delivering marketing messages to and having marketing activities with target customers, including dwellers in the residential building and the hotel in MahaNakhon Project and high-purchasing-power office workers and residents in residential buildings, and hotels in the nearby locations such as:

- Residents in approximately ten neighboring leading hotels, such as Sukhothai Hotel, Dusit-Thani Hotel, and W Hotel
- High-income dwellers in neighboring residential projects, such as Empire Place, Sky Villas, Sukhothai Residences, Infinity Condominium, and the Met
- Workers in the nearby office buildings, such as Empire Tower, Sathorn City Tower, Sathorn Thani I and II Tower, and Sathorn Square Tower

## Hotel Business

### Competitive strategy

#### Strategic location

The Company's hotel is situated in the business center area surrounded by main business streets, such as Silom Rd., Sathorn Rd. and Narathiwat Rajanagarindra Rd., and is adjacent to Chongnonsri BTS Station. The hotel's main attraction is its unique architectural features of the building that is designed to be the tallest building in Thailand.

#### Product

The hotel's main selling point is the reputation of the hotel itself and of its management team. The Company strategically chose the brand "Edition", a new 5 star luxury boutique hotel brand under Marriott Group managed by the Ritz-Carlton Hotel Company. It is a co-creation of Mr. Bill Marriott, CEO of Marriott, and Mr. Ian Schrager, a renowned hotelier specialized in boutique hotel service design. Indeed, the design of "Edition" hotel most resonates with the style and features of MahaNakhon Project. In addition, choosing Marriott's brands means that the most efficient hotel reservation system will be used in Bangkok Edition, as the hotel can utilize Marriott's world-wide network. This actually is one of the reasons that make customers over the world trust the brand. The hotel is positioned to accommodate businessmen seeking for a pleasant and convenient stay that, at the same time, offers modern and cutting edge atmosphere.

#### Target customer

The hotel's target customers are foreign businesspersons, foreign travelers, high-purchasing-power Thai business persons, and other retail clients who visit the hotel's restaurants and banquet rooms.

## Pricing

To determine its room rates and service rates, the Company takes into accounts many factors, including market rates, seasons, clients' demand, and costs, to ensure that the rates are consistent with the hotel's quality of services and reputation.

## Operation

For its operation strategy, the Company focuses on having professional management team in place. In so doing, the Ritz-Carlton Hotel Company, a hotel management company under Marriott Group, was chosen to manage the Bangkok Edition.

## Marketing and public relation

Main distribution channels consist of direct marketing system, world-wide sales representative offices, and an internet-based reservation system. Moreover, to enhance the hotel's image and increase its brand awareness, the hotel also will regularly advertise through printing media and launches promotion plans for the ultimate purpose of boosting sales of marriott system.

## 2. Industry analysis and competition

### Overview of real estate development industry

The survey done by Agency for Real Estate Affairs Co., Ltd. (AREA) found that Thai real estate market in the second half of 2013 is expected to slow down, having its growth rate at 10% less than the growth rate in the first half of 2013. Compared to 2012, the industry in 2013 is expected to grow approximately 4% in terms of value and 12% in terms of the number of new units. In other words, there will be 113,584 units opening in 2013 with the value of the newly opened units of 310,772 MB.

In the first half of 2013, there are 186 real estate projects opening in Bangkok and peripheral areas, totaling to 169,645 MB. This number is far less than that in 2012 which was 416 projects. In the first half of 2013, there are 61,540 new units for sales, 99% of which are residential real estate units.

There are 61,397 residential units for sales that opened in the first half of 2013. With the total value of 167,985 MB., the value per unit of the newly opened residential units can be calculated as 2.736 MB./unit, slightly lower than that of 2012 at 2.937 MB. This signifies that projects are lowering their sales price to increase the sales volume. This is one of the early symptoms of the slowdown in real estate market.



Moreover, Kasikorn Research Center Co., Ltd. cited that, in 2013, there were many new government policies put in place, such as the increase of a minimum wage to 300 baht/day, the increase of a minimum salary of the bachelor degree graduates to 15,000 baht/month, the reduction of tax charge for the first-time home buyers, and the implementation of the long-term water management plan. These policies helped spur consumption. Even though there were many global incidences, such as Europe's debt crisis and the stability issue of the United States, the interest rates were maintained in their current state.

### Risk Factors

- the use of appraisal values in the guideline for 2012- 2015 that may increase the housing cost for home buyers
- economic conditions in the near future which is under the risks of a new global slowdown
- a possible increase of the price of construction materials due to rising in domestic demand that may affect the cost of construction
- a rapid increase of land prices in many areas, especially those in the business center areas in Bangkok

### Supporting Factors

- the implementation of a government policy to reduce tax charge for first-time home buyers
- the implementation of a government policy to reduce interest rates charged to low-income home buyers (interest rate of 0% for 3 years)
- the implementation of the Bank of Thailand's soft loan project

### Competition

#### Residential Business

#### For Bangkok area - Condominium in the central business district (CBD) Bangkok

Condominium can be categorized into 5 types based on selling price per sq.m. as follows:

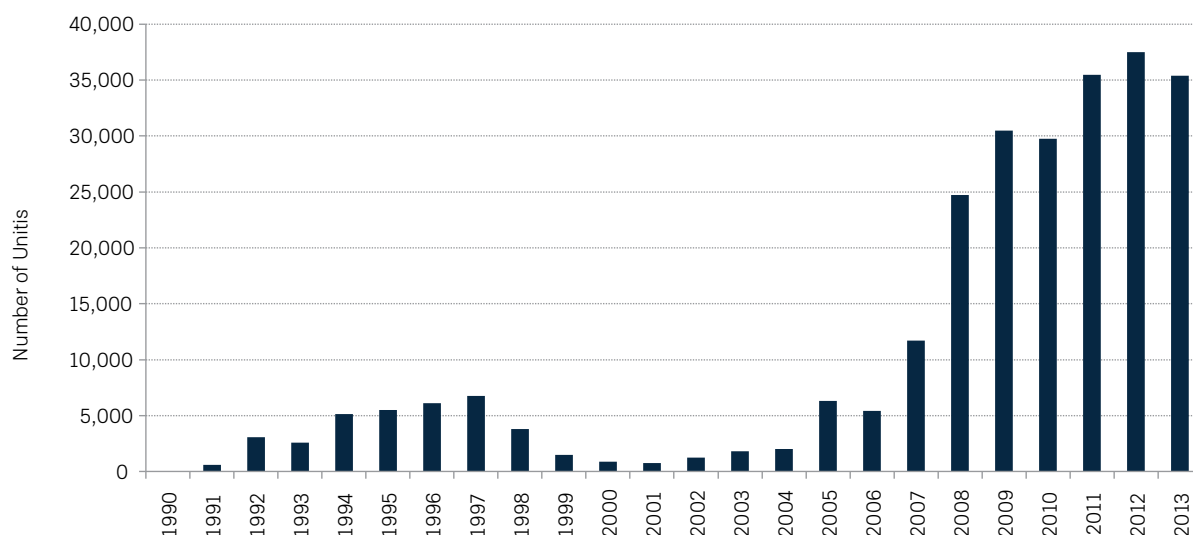
Class	Selling price (THB per sq.m.)
Mid-Low	< 80,000
Grade B / Up-mid	80,000 - 120,000
Grade A / High-End	120,000 - 160,000
Luxury	160,000 - 200,000
Super Luxury / Ultra Luxury	> 200,000

Grade A condominium and above is considered as a premium condominium. Hence, the current condominium project of the Company is categorized as luxury class (Saladaeng Residences) and super luxury class (MahaNakhon project, The Ritz-Carlton Residences and Langsuan Project residences). Most premium condominiums in CBD are developed by Public Company Limited such as Sansiri Plc., Pruksa Real Estate Plc. and Asian Property Plc.

Considering statistic of condominium launched each year from 2004 – 2013, it was found that the number of super luxury and luxury projects was fewer compared to grade A and B projects. Therefore, the Company had fewer competitors for the projects that are located on the business center area such as Silom Sathorn and Rajdamri who considered as the main competitors of the Company. Those projects are Sukhothai Residence, Banyan Tree Bangkok, St. Regis Residences and 185 Rajdamri. However, when compared the quality of competitors' projects to MahaNakhon project, the Company's project still has competitive advantages in many aspects since the design, brand, and quality of project are internationally recognized.

## Bangkok Condo Market – Historical Supply

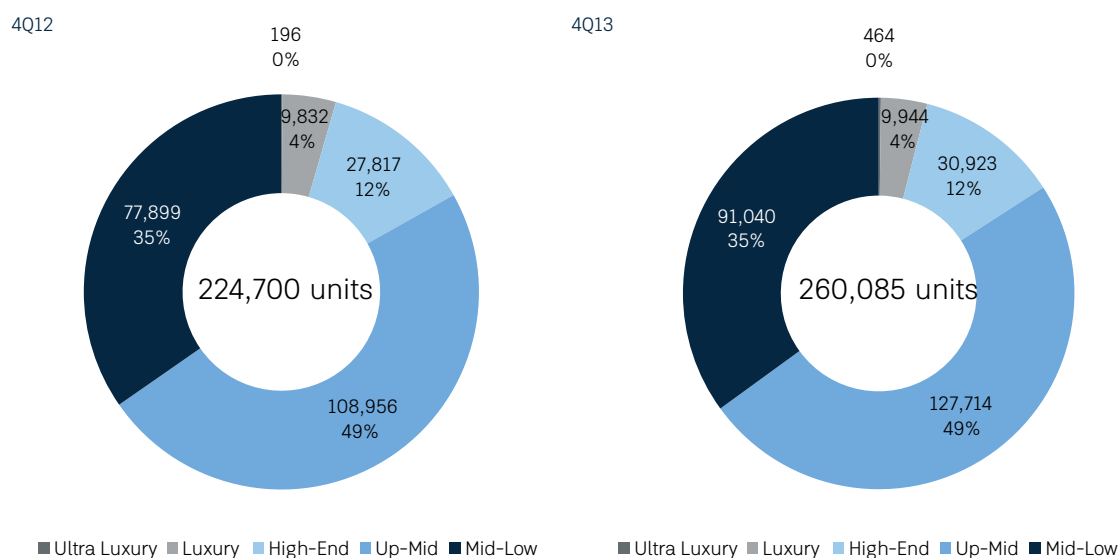
Overall Bangkok Annual Net Supply Addition



Source: Jones Lang LaSalle Research

## Bangkok Condo Market – Current Supply (4Q13)

Overall Bangkok Supply by Grade

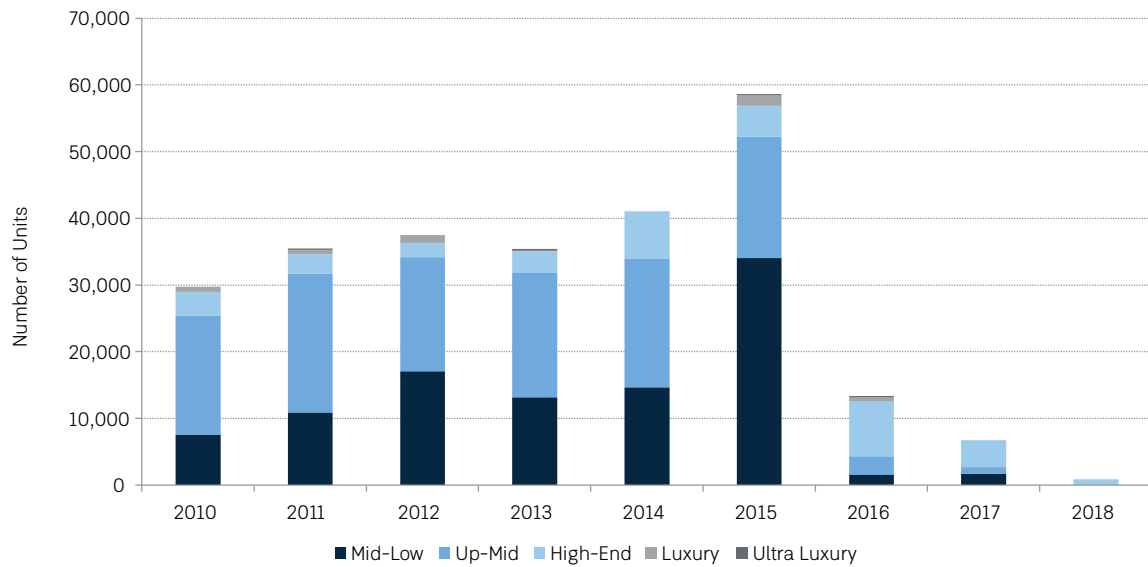


Source: Jones Lang LaSalle Research



## Bangkok Condo Market - Future Supply

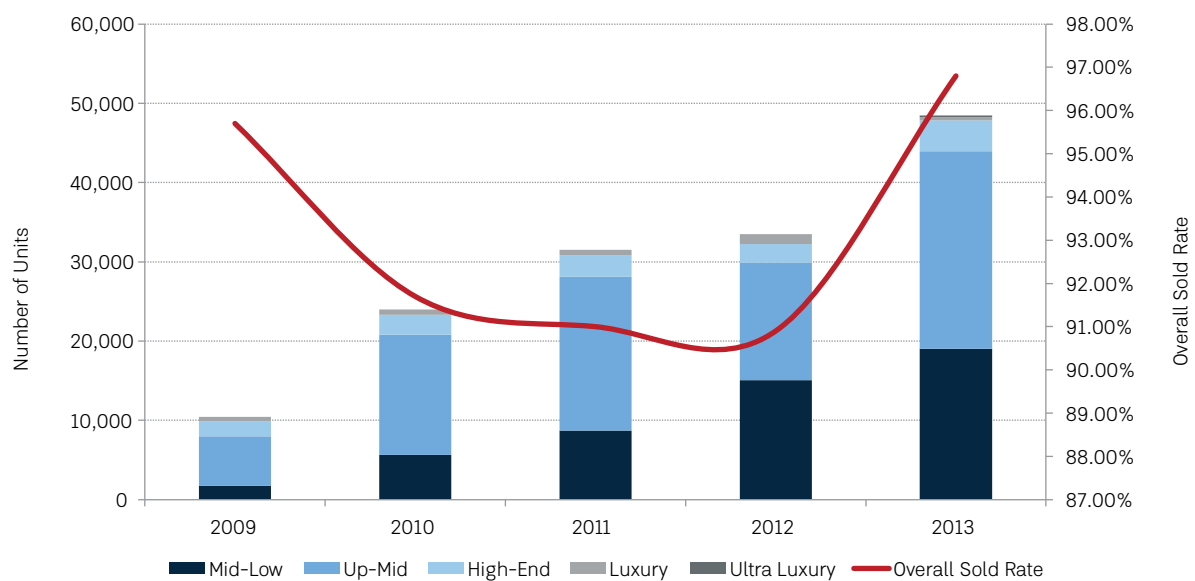
Overall Bangkok Forecast Annual Supply Addition by Grade



Source: Jones Lang LaSalle Research

## Bangkok Condo Market - Historical Demand

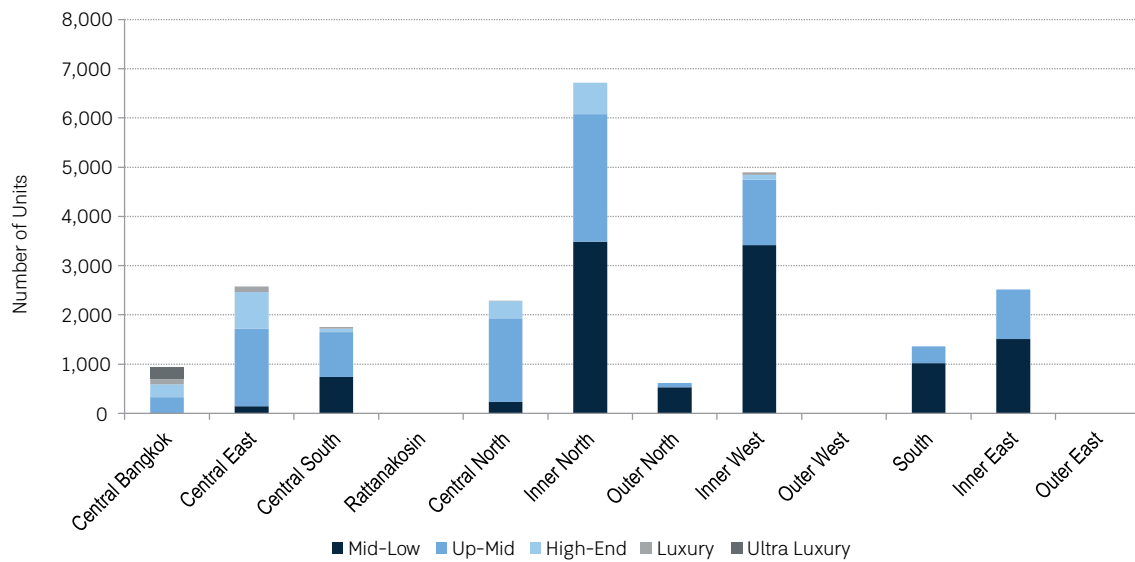
Overall Annual Net Absorption and Sold Rate



Source: Jones Lang LaSalle Research

## Bangkok Condo Market - Current Demand (4Q13)

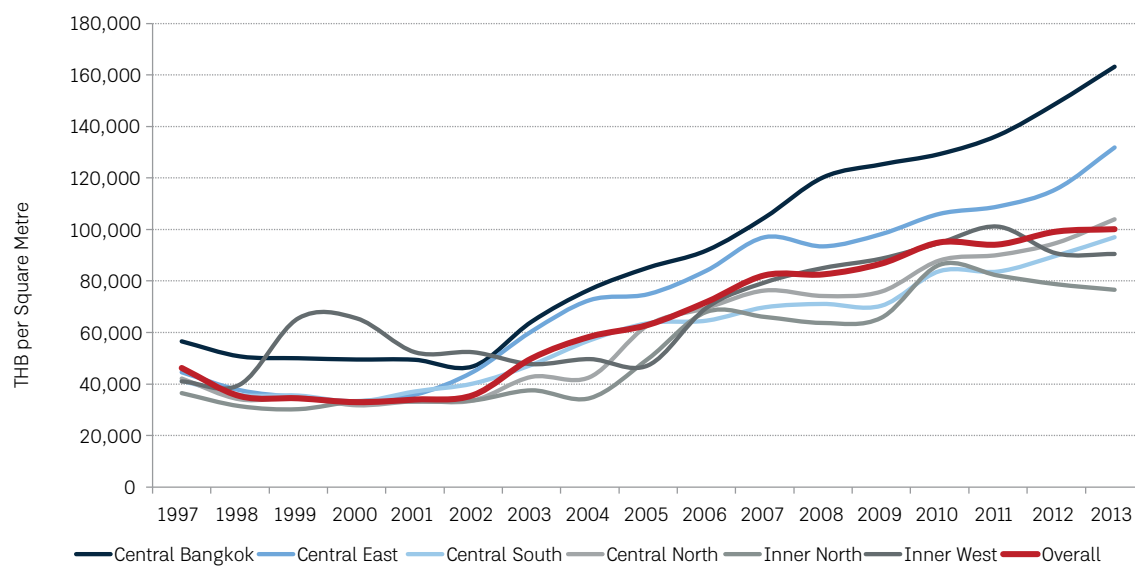
Overall Net Absorption by Zone and Grade



Source: Jones Lang LaSalle Research

## Bangkok Condo Market - Historical Selling Prices

Average Selling Prices per Square Metre at Project Launch by Zone

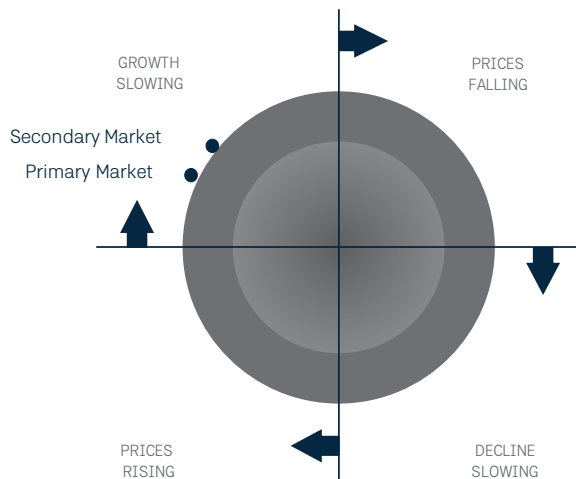


Source: Jones Lang LaSalle Research



## Bangkok Condo Market – Outlook

### Outlook



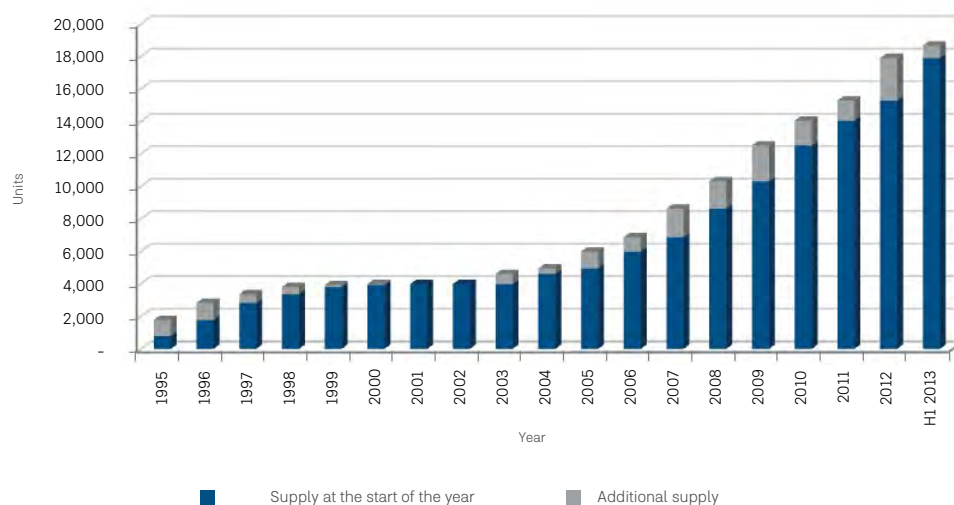
Source: Jones Lang LaSalle Research

- Take - up remains sound on sustained demand in centrally located areas for both low - rise and high - rise developments. Continued increases in development costs (i.e. land and construction) have resulted in rising selling prices across Bangkok, especially along the mass rapid transit lines.
- Condominiums near mass rapid transit stations continue to attract buyers, resulting in higher absorption rates in these projects (e.g., Inner North and Inner West) relative to those not near a station.
- The highest absorption rates are in the Up - Mid and Mid - Low market segments due to the affordable selling prices.
- More than 41,000 condominium units are scheduled to complete in 2014. Newly launched projects are most likely to be located near mass rapid transit stations owing to buyer preferences and incentives from the BMA in the new 2013 City Land Use Plan.

### For Hua Hin Resort + Town area - Condominium and Villa in Hua Hin and nearby area

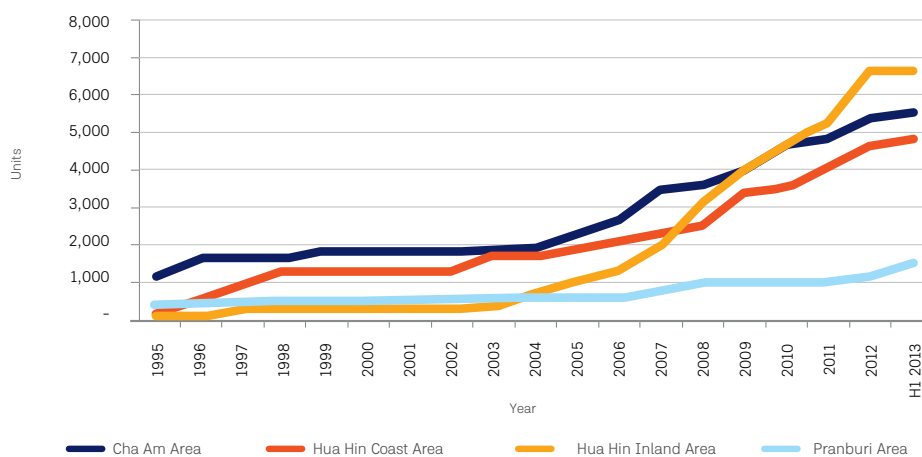
More than 240 condominium units were completed in the Hua Hin, Cha Am and Pranburi areas in H1 2013 and Approximately 520 units of landed development were launched in H1 2013, the lowest number in the past few quarters. Most buyers in the Cha Am, Hua Hin and Pranburi areas are Thai, especially in condominiums and housing development projects, while some foreign retirees are owned or rent condominium or house in the area.

HISTORICAL SUPPLY OF CONDOMINIUMS, LANDED PROPERTY UNITS AND PLOTS OF LAND BY YEAR, H1 2013



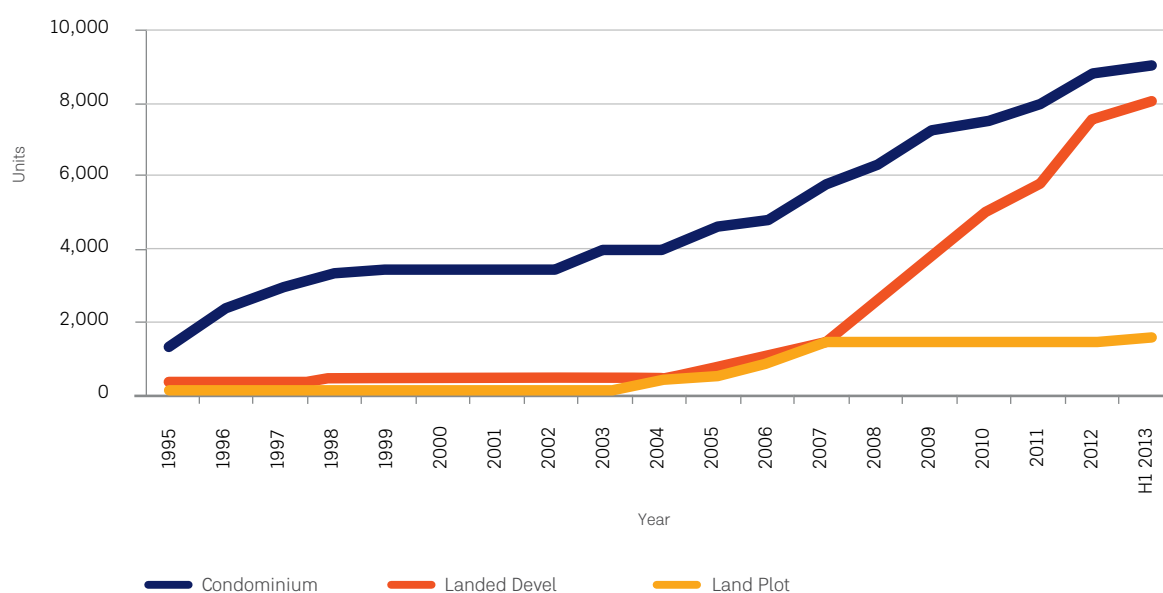
Source: Department of Land and Colliers International Thailand Research  
 Note: The total number of housing and villas includes completed units, under-construction units and un development units.

HISTORICAL SUPPLY BY LOCATION AND YEAR, H1 2013



Source: Colliers International Thailand Research

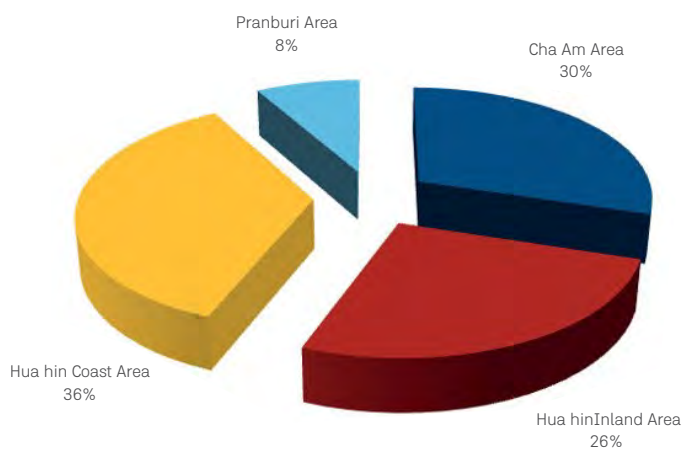
HISTORICAL SUPPLY BY PROPERTY TYPE AND YEAR, H1 2013



Source: Colliers International Thailand Research

Condominiums represent, by far, the main source of supply in the Hua Hin, Cha Am and Pranburi areas. Landed development only really took off in 2004 after developers looked at land away from the coast and on the hillsides, targeting the foreign market for villas and affordable second homes for Thais. In addition, local developers also launched their residential projects for local buyers or people who came to work in the Hua Hin area. Coastal locations have always been most sought after and high land prices meant that condominiums became the most feasible option.

CURRENT SUPPLY BY LOCATION, H1 2013



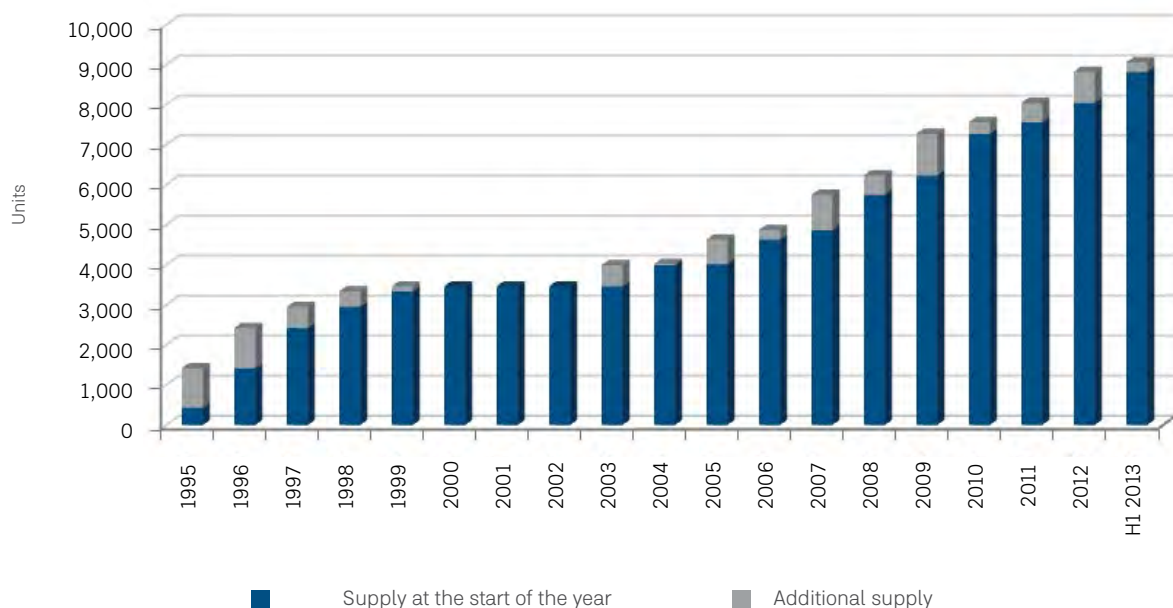
Source: Colliers International Thailand Research

The total supply of residential units in Hua Hin, Cha Am and Pranburi is approximately 18,655. The Hua Hin Inland area contains the highest number with approximately 6,690 units, while nearly 5,560 units and around 4,870 units are located in the Cha Am and Hua Hin Coast areas, respectively, with only around 1,540 units in Pranburi. The Hua Hin Inland area had the highest number, because it covers the largest covering area and land prices in this area are still lower than other areas, so are suitable for housing projects. In addition, many local developers launched their housing projects in the area for local buyers and people who came to work in Cha Am, Hua Hin and Pranburi, due to the proximity to supporting facilities.

## Condominium

(Condominium Only)

HISTORICAL SUPPLY BY YEAR, H1 2013

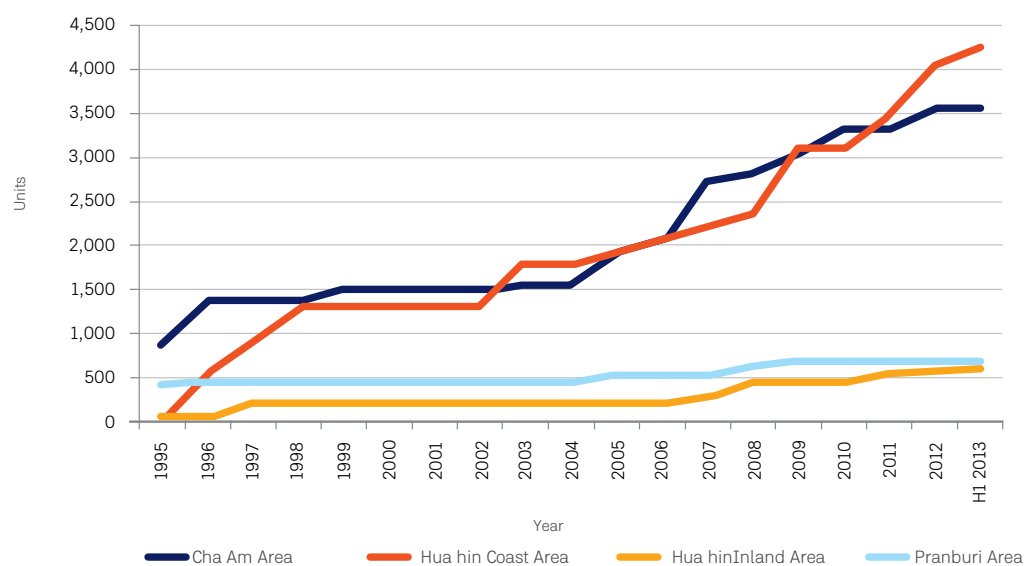


Source: Department of Land, Colliers International Thailand Research



(Condominium Only)

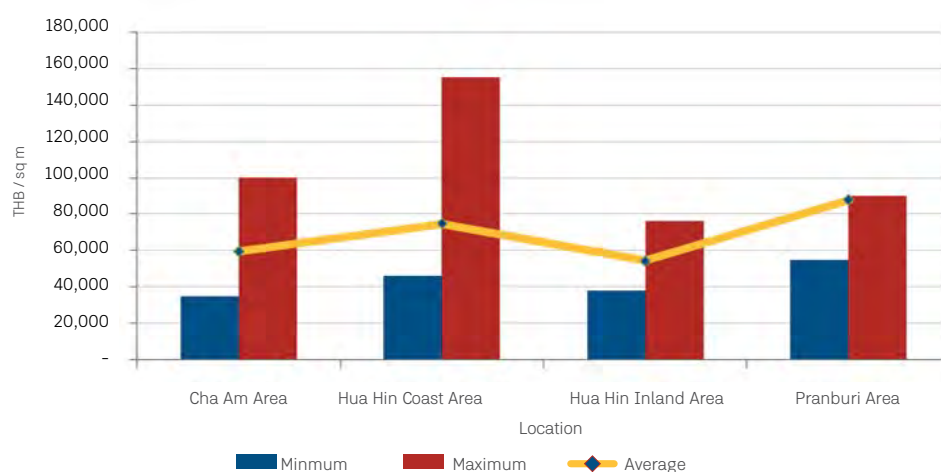
HISTORICAL SUPPLY BY LOCATION AND YEAR, H1 2013



Source: Colliers International Thailand Research

(Condominium Only)

AVERAGE SELLING PRICE OF CONDOMINIUM UNITS AVAILABLE FOR SALE IN CHA AM, HUA HIN AND PRANBURI, H1 2013

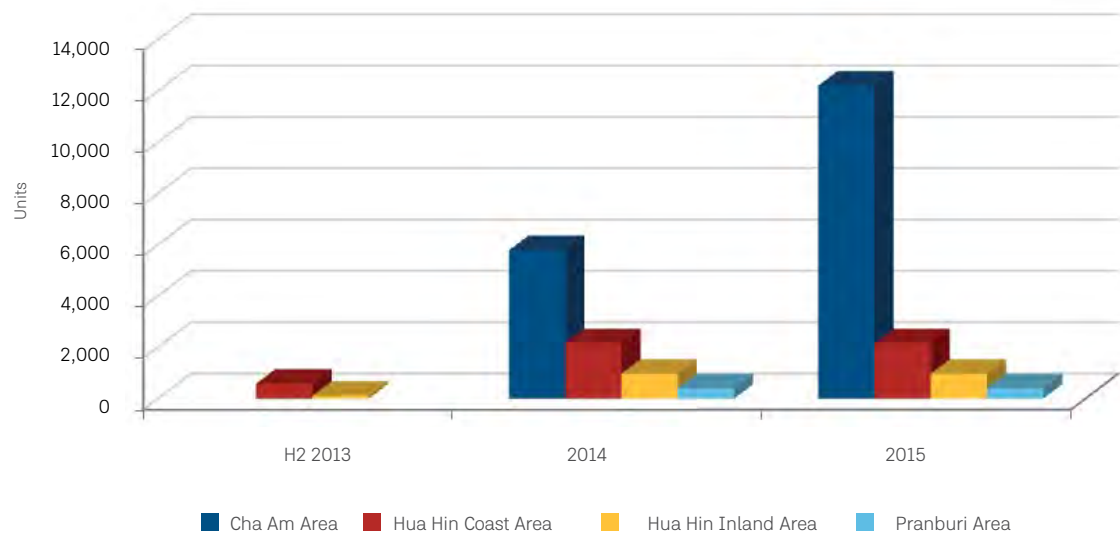


Source: Colliers International Thailand Research

Approximately 7,600 condominium units are still on the market from the total more than 23,000 units at more than 75 projects. The highest number in Cha Am is at large projects, with a total of nearly 6,000 units launched in the second half of 2011 and another two projects with more than 1,000 units per project. Most condominium projects in the Hua Hin Coast area are smaller scale, due to limited plots of land.

(Condominium Only)

CUMULATIVE FUTURE SUPPLY SCHEDULED TO BE COMPLETED FROM 2013 TO 2015 BY LOCATION, H1 2013



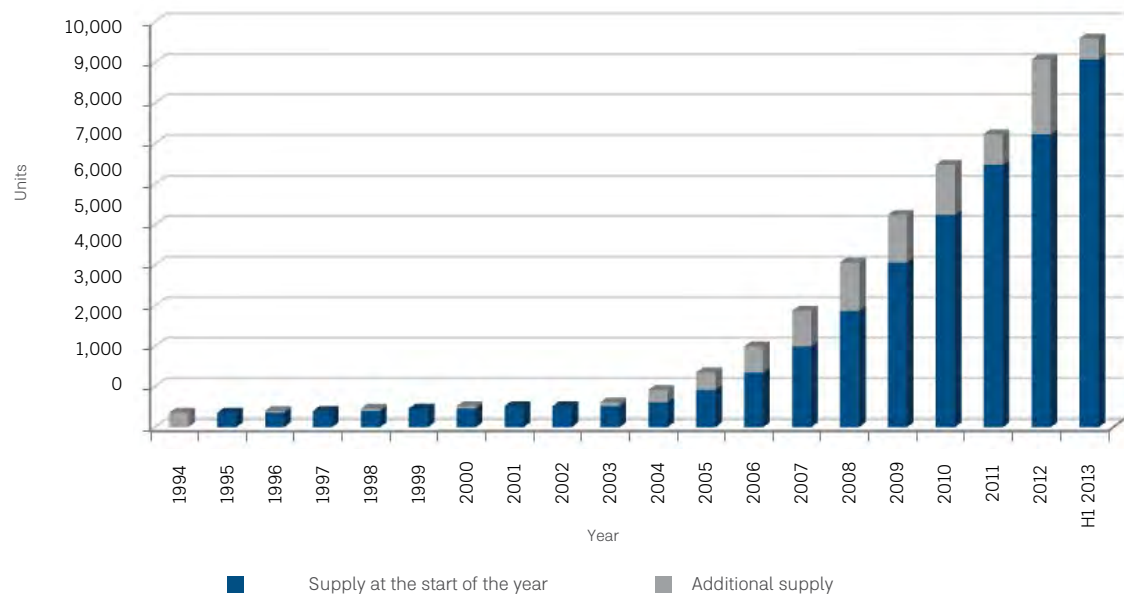
Source: Colliers International Thailand Research  
 Note: The year completion is expected by developers

The labour shortage is still the major obstacle for the construction industry in Thailand. Many residential projects cannot be completed by the expected date. Approximately 700 units are scheduled to be completed in the second half of 2013, because some condominium projects postponed their completion dates to next year. More than 8,500 units are expected to be completed next year and the total condominium supply in Cha Am, Hua Hin and Pranburi will be higher than 18,000 units. Many listed developers were focusing more on the condominium market outside Bangkok, Cha Am and Hua Hin also the one of their target location in the future.

## Villa

(Villa only)

HISTORICAL SUPPLY BY YEAR, H1 2013

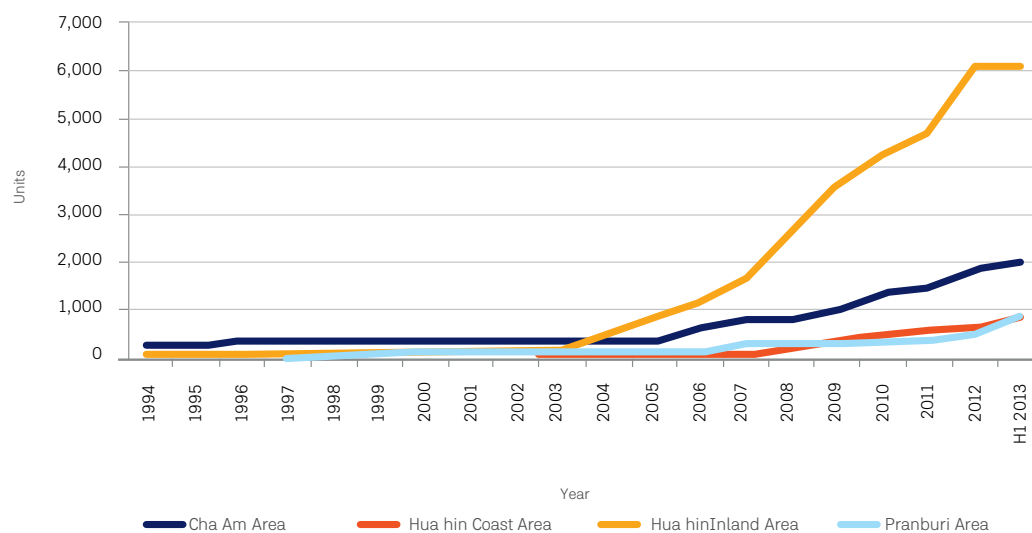


Source: Department of Lands and Colliers International Thailand Research

Note: The total number of housing and villas are includes completed units, under-construction units and un development units.

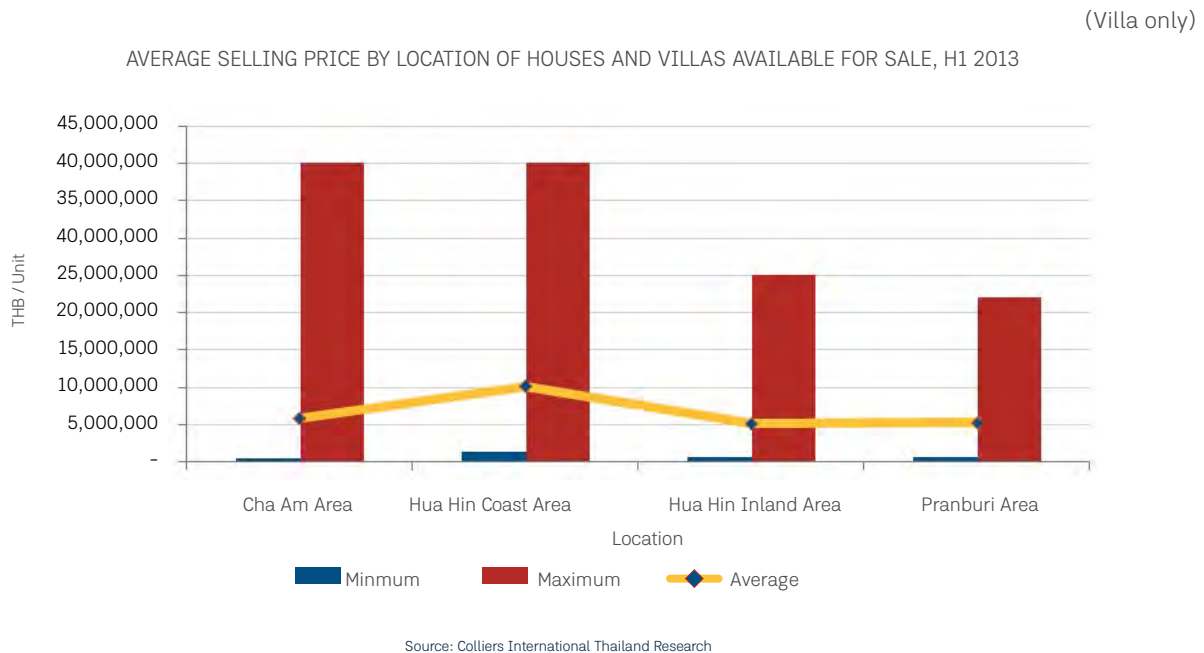
(Villa only)

HISTORICAL SUPPLY BY LOCATION AND YEAR, H1 2013

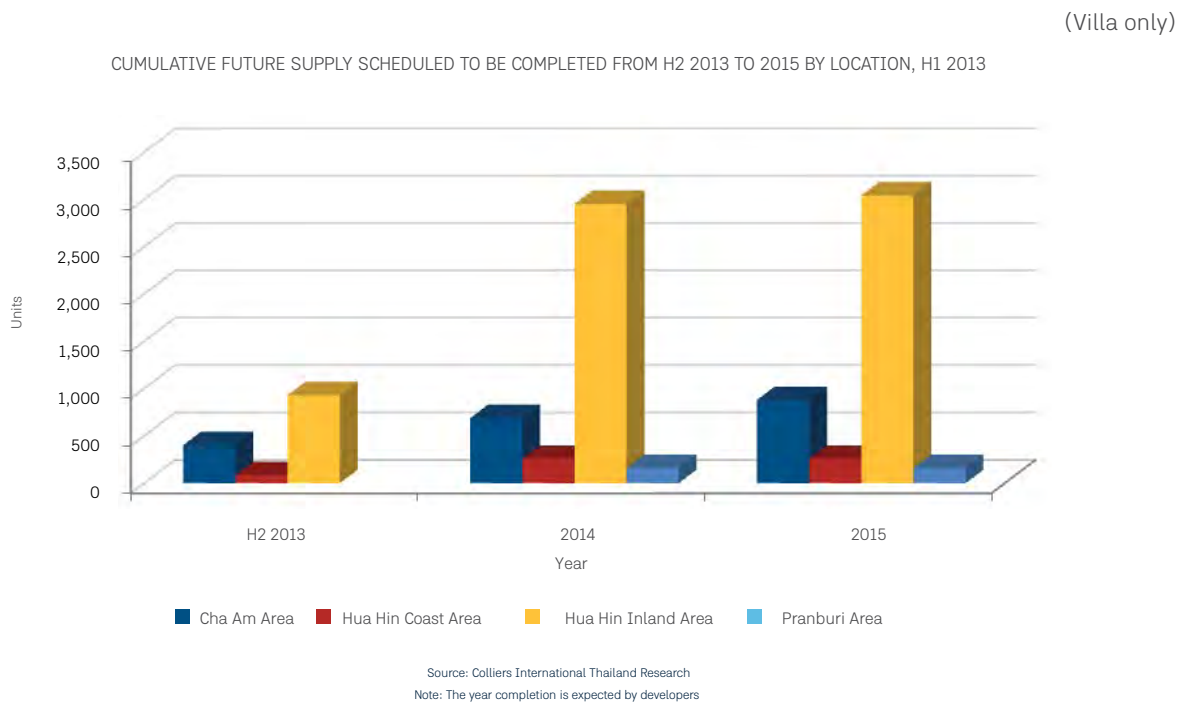


Source: Department of Lands and Colliers International Thailand Research





The Hua Hin Inland area contains, by far, the greatest number of available housing units located away from the coast to the west of Phetkasem Road (Highway 4), which creates a boundary between the Coastal and Inland areas.



Nearly 1,070 units were scheduled to be completed in the second half of 2013 in all locations, and 66% are located in the Hua Hin Inland area. The completion date depends on the developers, due to some housing projects in Cha Am and Hua Hin being “made to order”, although some developers will start construction as soon as buyers sign an agreement. Thus, some units in the most of the projects in the Cha Am, Hua Hin and Pranburi areas are still under construction.

### **Hotel Business**

For Bangkok area, most of hotels use international brands and the owner of the brands will be responsible for business management since reputation and services of international brands are recognized worldwide. Moreover, international brands also have broad customer database, so they have well understanding about customers' needs. As a result, the hotel is highly recognized and accepted by the customer.

For the international companies that operate the hotel business in Thailand are for instance, International Hotels Group: IHG which operates Intercontinental, Holiday Inn, Meridian which operates highly reputable hotels such as Westin and Sheraton, and Accor which operates different brands of hotels categorized by the level of luxury and price such as Sofitel, Grand Mercure, and Novotel. Nevertheless, 5-star International hotel chains which are located in business center such as Renaissance Ratchaprasong, Siam Kempinski, St. Regis, and Ogura Prestige are considered to be main competitors of Bangkok Edition hotel in MahaNakhon project.

### **Retail business**

For Bangkok area, retail sector is currently in the upward trend, so the shopping mall development and management business is also expanding in the same direction. Current retail business operators consistently plan to expand their branches. For example, Tesco Lotus and Big C plan to increase their branches in the stand alone format which they have an expertise and are currently operating. As at the end of Quarter 4, 2013, total retail areas in Bangkok were 2.44 million sq.m. divided into shopping mall of 1.40 sq.m. and community mall of 0.84 million sq.m. (Community mall in business center started to operate during 2009-2012).

The future business trend will be focused on the opening of outdoor and open air malls for different kinds of products such as Community Center, Power Center, Lifestyle Center, Factory Outlet Center following the different demands of the consumer in Bangkok and other provinces nationwide especially Community Center which its number are still few in provincial area.

## Undelivered units as of December 31, 2013

Project name	Project type	Land size	Total units/ Transferred units or recognizable units	% Completion	Undelivered sold or leased units		Sales period	Construction period	Transfer of ownership or lease starts from:
					number (unit)	Value (MB)			
Ficus Lane Project	Residential condominium	1,157 sq.wah	70 unit / 66 unit	100	1	24.6 (Sales value) 14.5 (Book value)	2004 – Present	2004-2006	Transfer of ownership started from 2006
Saladaeng Residences Project	Residential condominium	584 sq.wah	132 unit / 121 unit	100	4	114.5 (Sales value) 69.3 (Book value)	Quarter 4/2008-Present	2008-2011	Transfer of ownership started from quarter3/2011
MahaNakhon Project	Mix-use project consisting of residential condominium, hotel, and shopping center	9 Rai 1 Ngan 51.1 sq.wah	1. Hotel 159 room	6.3	-	Subsidiaries' net investment in the project's leasehold rights and construction cost of 5,075.9 MB.	2009-2015	2011-2015	2015
			2. Residences condo 200 units	9.1	112*				
			3. Shopping center approximately 9,826 sq.m.	-	-				
			- Retail Hill and Sky Observation Deck	16.4	-				
			- Retail Cube	76.72	-				

\* Information as of December 31, 2013



# RISK FACTORS

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## Strategic Risk Factors

### Risks arising from the land acquisition policy for future development projects

PACE and subsidiaries (totally called “the Company”) generally do not have the policy to buy and hold lands for future projects (except some lands that offer exceptionally high potentials for development and return on investment) because the Company wants to avoid incurring unnecessary financial burden, changes in city plans, changes in expropriation areas, and devaluation of lands due to the cancelation or the delay of adjacent mass transportation systems. In so doing, the Company faces the risk of being unable to buy lands in the desired locations and/or the risk of buying lands in an exaggerated price. These risks may affect the Company’s abilities to acquire the land in advantageous locations and may also impair its financial performance should it choose to purchase the lands with higher costs.

Nevertheless, the Company has put in place a strategic plan to seek for and seize the lands to match with its planned investment each year. To ensure land availability of all time, the Company formed a meticulous approach to trace, track, and monitor detailed information on lands. This enables the Company to forecast the trends and growth potentials of lands in many locations, based on the expansion of residential area, and outlook on city expansion and developmental path. Before acquiring the target lands, the Company estimates city expansion directions, explores regulation constraints, and also scrupulously examines land ownership to reduce any possible risks. It also surveys the target lands and assesses financial feasibility and marketability of the land before acquisition.

The Company acquires its lands by itself and through brokers/dealers, who have constantly reached out to the Company for the past years. The Company, however, tries to contact and negotiate with the land owners directly. This allows the Company to better control acquisition costs to ensure that the developed land will generate proper profit margin.

### Risks arising from delays of the project under development

As of December 31, 2013, PACE has 2 completed projects;

1. Ficus Lane Project
2. Saladaeng Residences Project

2 projects under development;

1. MahaNakhon Project
2. MahaSamutr Hua Hin Project

and 1 future project;

1. Langsuan Project

Project	Location	Construction Period (expected)	% Completion As of Dec 31st, 2013	
			Construction	Sales
Completed projects				
1. Ficus Lane Project	Soi Sukhumvit 44/1 (Pichaisawat) Sukhumvit Road	2004–2006	100	95.2
2. Saladaeng Residences Project	Soi Saladaeng 1 Silom Road	2008–2011	100	99.0
Projects under development				
3. MahaNakhon Project**				
3.1 Bangkok Edition Hotel	Next to Chongnonsri BTS Station, Narathiwas Rajanagarindra Road	2011–2015	13.38	
3.2 The Ritz-Carlton Residences Bangkok *	Next to Chongnonsri BTS Station, Narathiwas Rajanagarindra Road	2011 –2015	19.37	45.9
3.3 Retail Center				
3.3.1 Cube Building (Retail Cube)	Next to Chongnonsri BTS Station, Narathiwas Rajanagarindra Road	2011–2014	76.72	
3.3.2 Main Building	Next to Chongnonsri BTS Station, Narathiwas Rajanagarindra Road			
- Retail Hill		2011–2015	16.40	
- Sky Observation Deck		2011–2015		
4. MahaSamutr Project	Hua-Hin, Prachuabkhirikhan Province	2013–2015		
Future Project				
5. Langsuan Project	Soi Langsuan	2014–2015		

\* As of December 31, 2013, there were 112 units of the Ritz-Carlton Residences Bangkok Project under long-term lease contracts, equivalent to 21,999.86 sq.m., or 45.9% of the leasable space of 47,915 sq.m, totaling 5,551.8 MB. of the lease contract value. Furthermore, there are 10 units under subscription agreements, equivalent to 2,750 sq.m., or 5.7% of the leasable area, totaling 807.3 MB. of the reservation value. In summary, there were 122 units under lease contracts and reservations, equivalent to 24,749.86 sq.m., or 51.7% of the leasable area, totaling 6,359.0 MB. of the total contract value. Note that as of December 31, 2013, PACE has not recognized revenue on the sold long-term leases and reservations. The Company will start recognizing revenue when the construction and the ownership transfer are completed.

\*\* On Feb 7, 2014, the Company's subsidiaries purchased the land plot of the MahaNakhon Project and already changed the ownership structure in MahaNakhon Project from leasehold to freehold.

## Risks arising from concentrated reliance on MahaNakhon Project

MahaNakhon is a sizeable project compared to the Company's past project as well as its assets. The structure of the project is complex and involves various stakeholders. Its success quintessentially and directly affects the health of the Company. Nevertheless, MahaNakhon is not the only project under PACE's development; PACE has completed 2 previous projects -- Ficus Lane and Saladaeng Residences—with a combined project value of 3,248 MB. MahaNakhon is the third project that PACE co-developed with its partner. In addition, the Company is currently developing a new project "MahaSamutr Hua Hin" and already launched it in 2013 with total project value of 3,280 MB. (excluding the value of Country Club project). Moreover, the Company plans to invest in another project "Langsuan", with project value of 6,000 MB. MahaNakhon is thus not the only project that influences the performance of PACE; other projects also contribute to the health of the Company and so the risk of excessive reliance on one big project is actually diversified.

## Operational Risks

### Risks related to cost management

#### 1) Risks of construction delays and quality of the projects

The Company hires outsourced contractors to construct its real estate projects. Having no in-house construction team may expose the Company to the risk of uncontrollable construction delays due to contractors' unprofessional management or insufficient labors. In addition, even if the delivery is on-time, the quality of the delivered project may be considered sub-standard. These issues may result in a failure to timely deliver projects to the customers, and/or ineffective cost control. To prevent the said adverse outcomes, PACE has taken the following measures;

- Tracking and controlling purchases to match the defined budget

The Company has a strict policy to appoint well-known quantity-surveyor companies, such as Langdon & Seah Thailand Co., Ltd., to estimate budgets for bigger projects, such as MahaNakhon Project, to make sure that the budget is estimated with precision and thoroughness. In the contractor hiring process, the Company applies bidding procedure, in which it will select contractors that are suitable for the project not only in terms of construction capability and techniques, but also in terms of team capacity, and available fund size. This is done to avoid project cost overrun.

- Controlling construction period to match the defined timeline

To effectively control construction period, the Company not only utilize its own highly-experienced in-house team, but also has a policy to hire professional project managers to make sure that the construction is timely completed with high quality. Furthermore, PACE utilizes updated software packages to design and monitor the building process to reduce errors and lessen the time to fix the work.

#### 2) Risks arising from volatility in construction material prices

Most of the main construction works, including structural work, system work, and building-surface work, in PACE's ongoing projects, such as MahaNakhon Project, have reached and completed the hiring process. These main works account for approximately 75% of the construction value; the remaining works are interior design and landscape design, whose budgets are being adjusted by the Company. In addition to the budget for the said works, the Project has set aside contingency cost to account for any unplanned but necessary expenses.

PACE believes that a sensible and practical projection of construction material prices is essential for the feasibility of its future projects. It, therefore, places great emphasis on selecting the right quantity-surveyor companies. Furthermore, it focuses on maintaining good relationships with all suppliers and contractors, resulting in an impressive creditability that its trade partners place on PACE. In addition, the Company continually seizes updated information on the market condition of construction materials and their alternatives in order to keep up with the dynamic of the market.



**Risks of legal dispute arising from construction**

The risk of damaging surrounding buildings is a common risk facing development and construction companies. Therefore, most companies, including PACE, generally manage to have insurance policy in place. This insurance not only transfer risk to insurance companies, who are responsible to pay damage compensation covered by the policy, it can also help prevent possible legal disputes that come with the damage. Furthermore, the Company also enforces the following preventive measures on site supervision;

- Prevention of falling material from the site: by ensuring that the site is organized, trashes and garbage are removed from the site on a daily basis, and the detailed safety net is properly installed to contain falling materials
- Reduction of construction dust: by wetting trashes and garbage before removing them from the site
- Reduction of construction noise: by operating only in permitted time period and informing surrounding neighbors in case of over-time operation
- Reduction of construction vibration: by selecting barrette pile and bored pile systems to decrease vibration and by using diaphragm wall in underground work to reduce soil slide when removing sheet piles in a very deep soil level compared to normal soil level or when removing sheet piles is expected to damage surrounding buildings

In addition, PACE requires that contractors and site supervisors visit neighboring households to determine any problem created by its construction. If such problems occur, actions must be immediately taken. If there is any request from such households to fix small problem, contractors and site supervisors should be willing to assist. Moreover, PACE requires contractors and site supervisors to intermittently check with district offices for any complaint against project construction so as to provide immediate remedies to the affected parties. As of December 31, 2013, the Company has set aside 9.6 MB. of reserve for its legal dispute regarding the construction of Ficus Lane Project.

**Risks arising from major competitors in main business line****1) Risks from competitors in super-luxury residential real estate business**

Competition among super-luxury residential real estate companies is moderate in the Bangkok area. Current super-luxury residential projects include St. Regis, Q Langsuan, Sukhothai Residences, and Saladaeng Residences, etc., each of which has satisfactory rate of sales. Nevertheless, to ensure sales of residential units or leasehold, the Company appoints experienced research companies to do market research and identify customer's preference prior to the beginning of the project, selects well-known architects to design the buildings, chooses professional and reliable contractors and project managers to construct the building and hires professional sellers to administer the sale. For instance, the Company hired CB Richard Ellis (Thailand) Co., Ltd. to administer unit sales in Saladaeng Residences, and hired CB Richard Ellis (Hong Kong) Co., Ltd. to administer leasehold sales in the Ritz-Carlton Residences Bangkok in Hong Kong. PACE also appointed The Ritz-Carlton Hotel Company, a residential real estate management company under Marriott Group, to manage the Ritz-Carlton Residences Bangkok, a residential building under MahaNakhon Project, in an attempt to differentiate the units under MahaNakhon from others available in the market. In addition, PACE arranged to have a "road show" to directly present information and features of the project to its target customers. Indeed, having experienced sales experts specialized in dealing with high-net-worth customers is one of the main reasons for PACE's ability to meet its target.

**2) Risks from competitors in hotel business**

There has been heightened competition from hotel business; many hotels focus on serving high-net-worth customers, potentially deteriorating Bangkok Edition Hotel's revenue and profit. With close monitoring and supervision from its executives and clear marketing strategies supporting the well-known "Bangkok-Edition" trademark under Marriott Group, the hotel, however, is able to stand strong among fierce competition. World-class management services from The Ritz-Carlton Hotel Company, a management company known for its superiority in reservation management system, reassure that customers will have convenient stays. Moreover, Marriott's domestic and international client database will support the hotel's strategy to expand its recognition among upper-class customers.

### 3) Risks from competitors in retail business

Competition from retailers in the forms of modern trade retailers and community malls may put downward pressure on rental rates and service fees and also take away qualified renters in PACE's life-style centers. PACE strategically placed its life-style centers in MahaNakhon project to attract high-purchasing-power buyers. The Company appointed Husband Retail Consulting Co., Ltd, a consulting company specialized in retail business, to give recommendations on retail mix (a proper combination of retailers) in order to provide legitimate and thorough services needed in everyday life, especially food and beverages services (such as Dean & DeLuca Café and Gourmet Market). Life-style center's uniqueness will constantly bring in shoppers. Patrons include dwellers in the Ritz-Carlton Residences Bangkok and other residential buildings, travelers who stay in Bangkok Edition Hotel and adjacent accommodations, and workers in neighboring offices. With accumulated experiences in retail-mix planning, the Company is positive that its life-style center will be successful at attracting and maintaining client traffic and spending.

## Financial Risks

### Risks arising from interest rate volatility

As of December 31, 2013, the Company has long-term loans from financial institutions for the purpose of MahaNakhon Project construction with the interest rate of MLR-0.25% and overdraft facility for the purpose of MahaNakhon Project development with the interest rate of MOR, according to Credit Facility Agreement dated March 9, 2012 and Amendment dated May 10, 2013 entered into between PACE's jointly-controlled entity and two commercial banks. In addition, it has entered into a Credit Facility Agreement for the purpose of purchasing lands for MahaSamutr Project with the interest rate of MLR-0.25% with one commercial bank. If the interest rate rises, it will increase the Company's cost of funds, inevitably affecting the Company's future performance and its financial status.

### Risks arising from revenue instability and loss at the beginning of the developmental phase

It is usual for real estate development companies, including PACE, to face revenue instability since they generally start recognizing revenues only when the construction and the ownership transfer of the real estate are completed. As of December 31, 2013, PACE has 2 completed projects that are in the process of ownership transfer: Ficus Lane and Saladaeng Residences. Ficus Lane Project has 3 residential units in the sale process with the total book value of 45.0 MB. (equivalent to sales value of 76.1 MB.). The three units are expected to complete ownership transfer and recognizable in 2014. Having sold 127 units (sales value of 2,200.8 MB.), Saladaeng Residences Project currently has 5 units remaining with the total book value of 85.2 MB. (equivalent to sales value of 137.9 MB.); four of the remaining units have been subscribed (sales value of 114.5 MB.) and expected to be transferred and recognizable in 2014.

In addition, the Company is in the process of constructing MahaNakhon Project. The Company expects to start recognizing revenue from Cube Retail Center, a part of Cube Tower, which will be finished at the beginning of 2014. Cube Retail Center has an approximate total area of 5,253 sq.m. Revenue recognition of other areas in MahaNakhon Project, including sales of leasehold contracts for residential units, revenue from hotel business, and rental income from Retail Hill and Sky Observation Deck in the Main Tower, is expected to start in 2015. The only income stream recognizable in 2014 comes from rentals from Cube Retail Center. To help smooth its income stream, the Company therefore invested in the land to develop MahaSamutr Project in Hua Hin. The project is currently under construction. Furthermore, the Company is in the negotiation process to buy land to develop residential building on Langsuan road. The Company expects to partly recognize sales of single housing units in MahaSamutr Project, which has a total project value of 3,280 MB. (excluding the value of the Country Club) in 2015. The Country Club is also expected to be completed in 2015. Langsuan Project, which has a total project value of approximately 6,000 MB, is expected to be completed in 2016. Revenue from Sky Observation Deck is uncertain, depending on the number of tourists in Thailand, as well as PACE's marketing and advertising abilities to draw attention to the place.

\* On Feb 7, 2014, the Company's subsidiaries purchased the land plot of the MahaNakhon Project and already changed the ownership structure in MahaNakhon Project from leasehold to freehold.

## Legal Risk

### **Risks arising from changes in government policies and related regulations**

The risks of changes in relevant government policies, such as Town and Country Planning Act and its related laws, regulations related to usable areas in development projects and Floor-Area Ratio (FAR), and regulations related to issuance of EIA permits, are reduced by the Company's meticulous tracking of policy and regulation changes. Also, these risks can be mitigated by a detailed project's feasibility study in legal aspect. Since PACE has obtained every relevant license and permit for all of its ongoing and completed projects, changes in government policies and regulations, therefore, have no effect on its past and current projects.

## Political Risk

### **Risks arising from riots, terrorism, and political manifestation**

The Company has insurance policy that covers damages arising from riots, terrorism, and political manifestation. However, the incidences, should they occur, may post damages to MahaNakhon Project in the amount greater than the insurance limit and may also weaken the confidence of other stakeholders, such as joint-ventures and financial institutions, threatening the success of the Company's future projects.

In addition to general insurance for every project, PACE has arranged to have a special policy offered from Southeast Insurance Co., Ltd. for MahaNakhon Project, which is situated on the high risk area (Silom Road and Narathiwas Rajanagarindra Road). The policy will cover damages from Terrorism & Sabotage with insurance limit of 182 MB. (the policy expires on June 2, 2014).

## Risk related to investment of securities holders

### **Risk related to ability to pay dividend**

PACE expects that, during the construction of MahaNakhon Project, the Company's consolidated financial statements may show losses, and its unconsolidated financial statements may be negatively impacted, possibly further affecting the Company's ability to pay dividend. However, when MahaNakhon project is fully completed and its revenue becomes recognizable in 2015, PACE expects to generate profits and, as such, be able to significantly pay dividends to its shareholders. Since dividends will be paid out of retained earnings in unconsolidated financial statement only, the Company, therefore, started other projects to realize some revenues before the completion of MahaNakhon. Such projects include MahaSamutr Hua Hin Project, expected to start realizing revenue in 2015 onward, and Langsuan Project, expected to start realizing revenue in 2015-2016. If the Company is profitable and has no constraints on dividend payment that may be attached to the loan agreements with financial institutions for the purpose of financing project development, PACE will be able pay dividends to its shareholders based on its dividend policy.



# INTERNAL CONTROL AND RISK MANAGEMENT

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## Opinions of Board of Directors and Audit Committee

In the meeting of the Board of Directors (BOD) number 1/2014 on January 27, 2014, with the presence of the Audit Committee, the Board of Directors and the Audit Committee jointly assessed the Company's internal control process and compared it to the standards provided by the Securities and Exchange Commission (SEC). There are 5 components of the SEC standards, namely Organization and Environment, Risk Management, Management Control, Management Information System and Data Communication, and Monitoring and Tracking system.

The BOD concluded that the Company has an internal control system that is sufficient and suitable for its business. In addition, the BOD supported the Company's management to continually improve the quality of the internal control system to bolster PACE's Good Corporate Governance.

Details of the 5 components are:

### 1. Organization and Environment

The Company's organization is well-arranged and suitable for the type of business. The organization's objectives are clearly identified and the operational guidelines are well-planned and measurable. Moreover, the Company's policy, regulation, and code of conducts on business ethics are clearly written to prevent the management and employees from engaging in any activities that may give rise to conflicts of interest.

### 2. Risk Management

The Company places high importance on risk management. It, hence, set up the Risk Management Committee to monitor the overall risk level of the Company, established a process to analyze external and internal risk factors that may affect the business, and arranged to have regular Risk Management Committee Meetings to assess risk factors and identified mitigation measures to reduce or avoid any event that may pose a threat to the Company's performance or reputation. The Risk Management Committee is obliged to report directly to the Board of Directors. The identified measures are then communicated to relevant officers for execution, after which regular monitoring and reassessment will be done.

### 3. Management Control

The Company has put a proper process in place to appropriately control management's actions. It clearly identified the rights, duties and approval authorities for each level of management persons in the written form. The roles and responsibilities in giving approvals, recording, asset custody, and auditing are distinctly segregated. In the case of a transaction with major shareholders, directors, executives, and their related parties, the Company will strictly follow the approval regulation with the Company's interest as the ultimate consideration and as if the transaction was being done with other unrelated parties.

### 4. Information System and Data Communication

The Company arranged to have sufficient data reporting to support the decision making of the Board of Directors. In practice, the BOD receives meeting invitations and all supporting documents that contain sufficient information at least 7 days prior to the meeting. The minutes are kept both as hard copies and electronic copies that are easy to be retrieved yet cannot be altered. The minutes contain complete details that shareholders can use to assess the appropriateness of the directors' conducts. In addition, the Company set up a systematic approach to store supporting documents for account recording. A complete set of documents are sorted in a pattern that is ever-ready for auditors. Financial reports are prepared for the Board of Directors in a manner that truly represent the performance of the business.

## 5. Monitoring and Tracking System

The Audit Committee has considered and approves The annual internal audit plan and reviews identified issues with the Internal Audit Department on a regular . The Committee requires the department to submit audit reports to it directly so that the auditors can do their job independently and free from management's interference, if any. In the case that significant errors are singled out, the Company will report the findings to the Board of Director and the Audit Committee to seek immediate remedies. After that, the progress on remedies will be reported to the Board of Directors. Moreover, the Company determined the policy requiring that executives immediately report to the Board of Directors if any fraud, illegal action, violation of laws, or any event that may significantly affect the Company's reputation or financial status take place.

Baker Tilly Audit and Advisory Services (Thailand) Co.,Ltd, the Company's financial auditor in 2013, provided its opinion in the Observation Report on Internal Control of the Company and Subsidiaries. The report stated that, in order to give auditor's opinion on whether and to what extent the financial statements of the Company and its subsidiaries for the accounting period ending December 31, 2013 are prepared according to the generally accepted accounting standards in major substances, the auditor must study and assess the efficiency of the Company's accounting control in order to properly set the limit, methodology, and time period used in the audit process. The auditor did not find any visible flaws in the internal control on the financial reporting process worth reporting to the Company's management. Nevertheless, the auditor utilized testing protocol, which did not cover every item, and the purpose of the study and the assessment was mainly to complete the financial audit task. Hence, the auditor's investigation may not be able to pinpoint every possible weakness in the Company's internal control process.

## Head of Internal Audits and Head of Compliance

### Head of Internal Audit

Miss Montakan Teannetinun

Vice President, Internal Audit Department

### Head of Compliance

Mr. Sarath Pavorndechapong

Senior Vice President, Legal & Compliance Department

# SECURITY AND SHAREHOLDER INFORMATION

## 1. The Company's Securities

As of December 31, 2013, The Company has registered capital of 2,054,265,670 Baht, comprising of 2,054,265,670 ordinary shares, with the par value of 1 Baht, and paid-up capital of 2,054,265,670 shares, with the par value of 1 Baht.

## 2. Shareholders

The list of the Company's shareholders and their respective share portions as recorded in the shareholder register book as of October 16, 2013 are shown below:

Shareholder's name	Number of shares	%
Group of Mr. Sorapoj Techakraisri		
1. Mr. Sorapoj Techakraisri	1,105,312,550	53.806
2. Mr. Chotipol Techakraisri	24,000,100	1.168
3. Mr. Sumate Techakraisri	11,000,000	0.535
4. Mr. Chumpol Techakraisri	10,000,000	0.487
<b>Total shares owned by Group of Mr. Sorapoj Techakraisri</b>	<b>1,150,312,650</b>	<b>55.996</b>
5. Mr. Apichart Kasemkulsiri	91,000,000	4.430
6. Ms. Sirion Isarangkul na Ayudhaya	80,000,000	3.894
7. Mr. Anantachot Chaowanayothin	41,385,400	2.015
8. Mr. Narit Chia-Apar	30,000,000	1.460
9. HSBC BANK PLC – CLIENTs GENERAL	27,000,000	1.314
10. Mr. Pongtorn Tapanangkoon	26,000,000	1.266
11. Others	608,567,620	29.625
<b>Total</b>	<b>2,054,265,670</b>	<b>100.000</b>

## 3 Dividend Policy

The Company's Board of Director determines dividend policies for the Company and its subsidiaries, as in the followings:

### 1) The Company's dividend policy

The Company determines its dividend payout ratio to be not lower than 40% of its net profit after corporate tax and legal reserves, provided that such dividend payout does not significantly affect the Company's normal course of operation. The dividend payment is subjected to adjustment depending on the Company's growth prospect, investment plan, liquidity, work expansion, loan covenants or debenture covenants of the Company's and its subsidiaries, as well as suitability and necessity to create value for the Company's shareholders in the future.

### 2) Dividend policy of subsidiaries

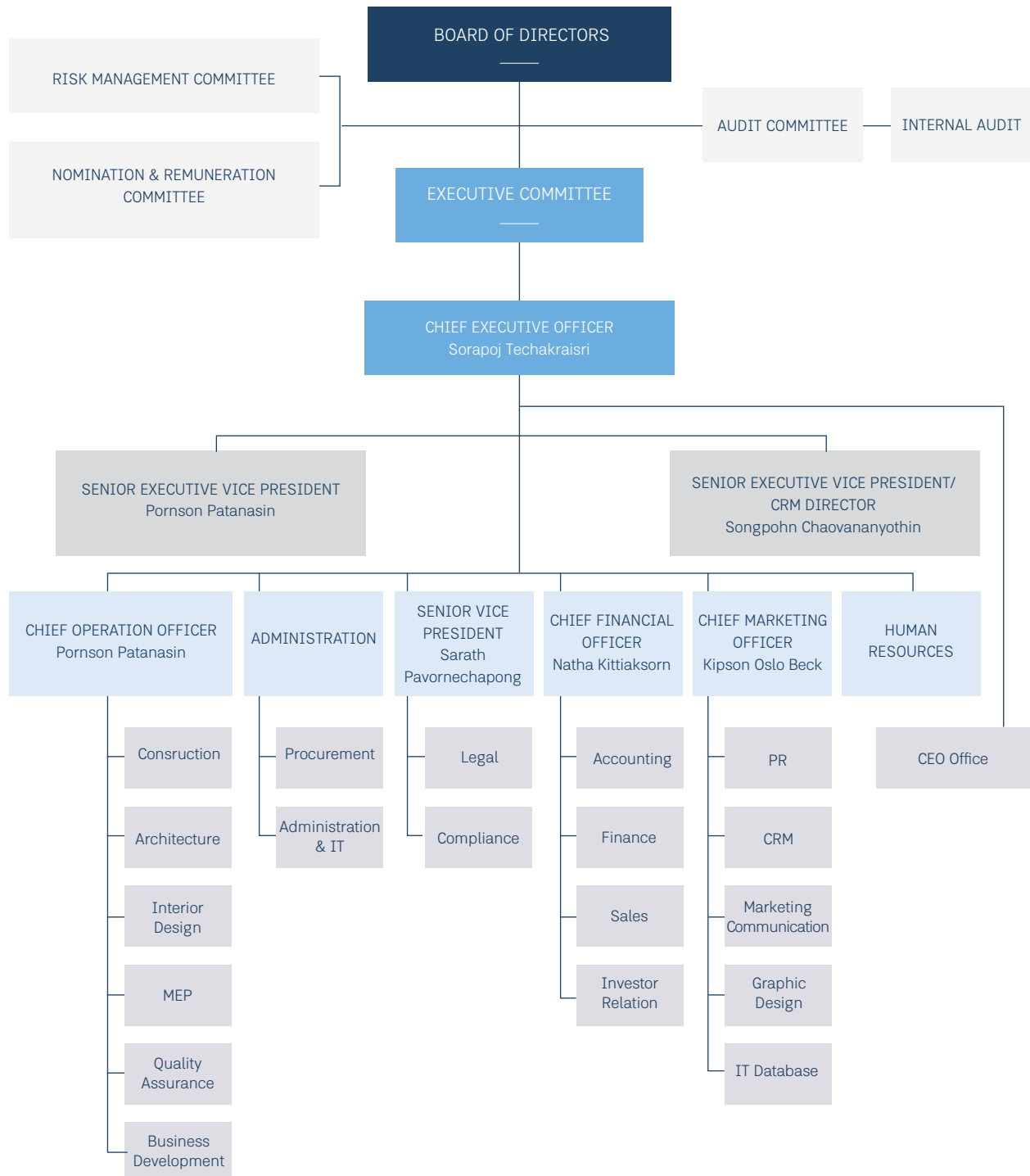
For a subsidiary in which PACE holds 100% of its shares, such subsidiary maintains a policy to pay dividend of no less than 40% of its net profit after corporate tax and legal reserves, provided that such dividend payout does not significantly affect its normal course of operation. The dividend payment is subjected to adjustment depending on the company's growth prospect, investment plan, liquidity, work expansion, loan covenants or debenture covenants of the company's and its subsidiaries, as well as suitability and necessity to create value for its shareholders in the future.

Therefore, PACE One, PACE Two, PACE Three, and PRE cannot pay dividends to their shareholders unless the loans from financial institutions, loans from shareholders, and the interests borne from the aforesaid loans are entirely paid off.



# MANAGEMENT STRUCTURE

## Organization Structure



## 1 Board of Directors

As of December 31, 2013, The Company' Board of Directors consists of 9 members as follows:

Name	Position	Number of meeting held	Number of meeting attended
1. Mr. Kraithip Krairiksh *	Chairman of the Board and Independent Director	-	-
2. Mr. Chotipol Techakraisri	Vice Chairman of the Board	7	6
3. Mr. Sorapoj Techakraisri	Director	7	5
4. Mr. Chumpol Techakraisri	Director	7	7
5. Mr. Theera Vayakornvichitree	Director	7	5
6. Mr. Pornson Patanasin	Director	7	7
7. Mrs. Ladda Siri Wattanakosol	Director, Chairman of Audit Committee, and Independent Director	7	6
8. Mr. Prasert Patradhilok	Director, Member of Audit Committee, and Independent Director	7	7
9. Miss Benjaporn Prisuwan	Director, Member of Audit Committee, and Independent Director	7	7

\* Appointed in the Board of Director Meeting No. 7/2013 held on November 14, 2013

Note: The Company's directors and executives perform their functions to maintain the maximum benefits of the Company's and its shareholders with a clear, balanced and verifiable structure by:

1. The Board of Directors understands its fiduciary roles and responsibilities to shareholders and shows that it can perform such roles and assume such responsibilities
2. Directors and management have a balanced structure that facilitates examination and verification by:
  - 2.1 Having Audit Committee that consists of at least 3 independent directors whose qualifications are consistent with the ones defined by the rule of Stock Exchange of Thailand and who have sufficient knowledge and experiences to be able to verify reliability of financial statements and perform other functions as members of the Audit Committee.
  - 2.2 Having delegation of authorities from the Board of Directors to Management

Corporate Secretary is Mr. Sarath Pavorndechapong.

## 2 Management

As of December 31, 2013, The Company's management team consists of 8 members as follows:

Name	Position
1. Mr. Sorapoj Techakraisri	Chief Executive Director
2. Mr. Pornson Patanasin	Executive Director/Chief Operating Officer
3. Mr. Songphon Chaovanayothin	Executive Director/Customer Relations Director
4. Mr. Kipsan Oslo Beck	Chief Marketing Officer
5. Miss Natha Kittiaksom	Chief Financial Officer
6. Mr. Sarath Pavorndechapong	Senior Vice President, Legal
7. Mr. Nuthapon Luckkanalawan	Senior Vice President, Finance
8. Mr. Saharaj Patumphongsothorn	Senior Vice President, Construction

Note: The Company's management according to the definitions in the announcement of Securities and Exchange Commission

## 3 Corporate Secretary

The Board of Directors' Meeting No. 1/2011, held on September 21, 2011, appointed Mr. Sarath Pavorndechapong to be the Company's Corporate Secretary so as to conform with the Securities and Exchange Act B.E. 2535 (and subsequent amendments). Scope of duties and responsibilities of the corporate secretary are shown below:

1. To produce and maintain the following documents:
  - (A) Record of Directors
  - (B) Notice of Board of Directors' Meeting, Minutes of Board of Directors' Meeting and Company's Annual Report
  - (C) Notice of Annual General Meeting of Shareholders and Minutes of General Meeting of Shareholders.
2. To keep all interest or conflicts of interest reported by directors or any member of management team
3. To submit the interest and conflict of interest report which is conducted by directors to Chairman of the Board of Directors and Chairman of the Audit Committee within 7 days upon receiving by the Company.
4. To perform any other action as determined by Capital Market Supervisory Board.

The details of Corporate Secretary is attached in Attachment 1.



## 4 Compensation for Directors and Executives

The form and the criteria to consider compensation packages paid to the Company's directors and executives are determined based on suitability, fairness, transparency, clarity, and adequacy. In practice, such packages are defined by comparing the rates in the same industry and proposed to the Board of Directors for approval. Compensation for directors and members of Audit Committee is determined and approved in the Shareholder Meeting. To ensure fairness, attractiveness of the positions, and maximum benefits of the Company, compensation for each executive is determined based on both the performance of the Company and the performance of each individual executive.

### 4.1 Directors' Compensation

The following table shows the director's compensation in 2011.

Directors	2011				Compensation and attendance fee (Baht)
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	
1. Mr. Chotipol Techakraisri	7/7	-	1/1	1/1	220,932
2. Mr. Sorapoj Techakraisri	7/7	-	1/1	1/1	171,699
3. Mr. Chumpol Techakraisri	6/7	-	-	-	161,342
4. Mr. Theera Vayakornvichitre	6/7	-	-	-	161,342
5. Mr. Pornson Patanasin	6/7	-	-	-	161,342
6. Mrs. Ladda Siri Wattanakosol	7/7	7/7	1/1	1/1	208,932
7. Mr. Prasert Patradhilok	7/7	7/7	1/1	1/1	171,699
8. Miss Benjaporn Prisuwan	7/7	7/7	1/1	1/1	171,699
9. Miss Natha Kittiakorn	6/7	-	-	-	161,342

The following table shows the director's compensation in 2012

Directors	2012				Compensation and attendance fee (Baht)
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	
1. Mr. Chotipol Techakraisri	7/7	-	1/1	1/1	332,000
2. Mr. Sorapoj Techakraisri	7/7	-	1/1	1/1	258,000
3. Mr. Chumpol Techakraisri	7/7	-	-	-	250,000
4. Mr. Theera Vayakornvichitre	6/7	-	-	-	240,000
5. Mr. Pornson Patanasin	7/7	-	-	-	250,000
6. Mrs. Ladda Siri Wattanakosol	7/7	8/8	1/1	1/1	313,000
7. Mr. Prasert Patradhilok	7/7	8/8	1/1	1/1	298,000
8. Miss Benjaporn Prisuwan	7/7	8/8	1/1	1/1	298,000
9. Miss Natha Kittiakorn	6/7	-	-	-	240,000

The following table shows the director's compensation in 2013.

Directors	2013				Compensation and attendance fee (Baht)
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	
1. Mr. Kraithip Krairiksh <sup>1</sup>	-	-	-	-	31,304
2. Mr. Chotipol Techakraisri	6/7	-	2/2	1/1	328,173
3. Mr. Sorapoj Techakraisri	5/7	-	2/2	1/1	254,000
4. Mr. Chumpol Techakraisri	7/7	-	-	-	250,000
5. Mr. Theera Vayakornvichitre	5/7	-	-	-	230,000
6. Mr. Pornson Patanasin	7/7	-	-	-	250,000
7. Mrs. Ladda Siri wattanakosol	6/7	6/7	2/2	1/1	312,000
8. Mr. Prasert Patradhilok	7/7	7/7	2/2	1/1	330,000
9. Miss Benjaporn Prisuwanna	7/7	7/7	2/2	1/1	330,000
10. Miss Natha Kittiakorn <sup>2</sup>	6/6	-	-	-	216,521

<sup>1</sup> Appointed as Chairman of the Board of Directors by the resolution of the Board of Director Meeting No. 7/2013 on November 14, 2013

<sup>2</sup> Resigned from the director position being effective on November 14, 2013

#### 4.2 Executives' Compensation

In 2011, 2012, and 2013, the Company provided compensations to its executives in the form of salary, bonus, and other compensations in the amount of 14.4, 20.2, and 24.3 million baht, respectively.

The following table shows the executives' compensation in 2011, 2012, and 2013.

Executive compensation (Million Baht)	2011	2012	2013
Number of executives (persons)	7	8	8
Salary	12.7	15.8	17.9
Bonus	1.6	3.8	5.7
Contribution to provident fund	0.1	0.6	0.7
Total	14.4	20.2	24.3

Note: The Company's executives according to the definitions in the announcement of Securities and Exchange Commission

The Company's executives are provided with special position-based welfares, which are car allowance, gas allowance and mobile phone allowance.

## 5 Human Resources

The Company believes that human resources are one of the most valuable resources of the Company. It thus places high importance on the management and development of its personnel in order to retain knowledgeable, experienced personnel to fortify the foundation of the Company's competitiveness.

### 5.1 Total Number of Employees

As of December 31, 2011 and 2012, the Company had total employees of 49 persons (all permanent staff) and 53 persons (2 persons are temporary staff), respectively.

Details of the number of employees in each function as of December 31, 2011, 2012, and 2013 are shown in the following table:

Functional line	December 31, 2011	December 31, 2012	December 31, 2013
Executives of the Company and its subsidiaries	8	9	9
Accounting - Finance	8	7	11
Public Relation - Marketing	4	5	4
Sales	5	7	7
Legal	2	3	4
Design - Construction	9	11	15
Administration	12	10	7
Internal Audit	-	-	1
Human Resources	1	1	1
CEO Office	-	-	3
Business Development	-	-	2
Property Management	-	-	3
Hospitality Development	-	-	11
CSR	-	-	1
Compliance	-	-	1
Investor Relations	-	-	1
Total	49	53	81

### 5.2 Significant Change in the Number of Employees in the Previous 3 Years

-none-

### 5.3 Major Labor Dispute in the Previous 3 Years

-none-



#### 5.4 Compensation for Company's Employees

The Company provides compensation to its employees in the forms of salary, bonus, medical allowance, annual health check allowance, accommodation and travelling allowance (in case of working in other provinces), life insurance, uniform allowance, cost of living allowance, scholarship, and other allowances to help employees lighten the expense loads and to hopefully elevate their standards of living. Compensation for employees in 2011, 2012, and 2013 are shown below:

Unit: Milion Baht

Type of compensation	2011	2012	2013
Salary, bonus, and other	19.7	28.3	47.6
Other welfares	0.1	0.1	0.8
Contribution to provident funds*	0.1	0.6	0.8
<b>Total</b>	<b>19.9</b>	<b>29.0</b>	<b>49.2</b>

\* The Company established a provident fund of the employees from 1 October 2011 onwards.

#### 5.5 Labor Dispute

none -

#### 5.6 Human Resource Development Policy

The Company highly values human resource development as it truly believes that, in order for a corporate to grow sustainably, it needs team players that are knowledgeable, skillful, experienced in subject matters supporting the Company's business conducts, and decisive. These desirable characteristics will be collectively merged together to form a solid corporate culture. Human resource development indeed starts with a proper hiring process that is able to identify preferred candidates with knowledge, skills, and attributes that correspond with the Company's culture.

The Executive Committee Meeting No. 2/2012 held on March 28, 2012, reviewed the Company's human resource development plan and human resource management policy, and approved the said human resource management policy and the rules and guidelines for human resource development. In the policy part, the Company viewed that employees are valuable resources; therefore, it is determined to maintain and improve its employees continually and systematically to enhance their potentials, to lift their working spirits, to encourage employee unity, and to create the sense of pride as a part of the Company. The Company's human resource management policy can be summarized as follows:

- Select and hire candidates that are knowledgeable, skillful, accountable, and ethical to join the Company
- Develop its human resources to have knowledge, abilities, expertise, skills, and management capabilities to ensure proper job security and professional advancement
- The Company supports and encourages its employees to maintain job security and have professional advancement by ways of promotions. The Company will consider and select internal candidates to resume vacant positions.
- improve and provide various employee benefits that are suitable for employees' positions, experiences, and qualifications, and satisfied with the Company's performance, economic and social conditions
- Instill awareness and sense of respect of the rules of the Company and the society in the mind of its employees
- Retain and support good employees to stay and grow with the Company as long as possible

The Company holds that it is a responsibility of heads of each function to deeply understand human resource development system, as well as to join the Company and lead their subordinates in the collaboration to steer the organization in the directions defined by the Company's policies

# ATTACHMENT 1

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mr. Kraithip Krairiksh	Chairman of the Board	60	- Master's Degree in Economics, Northeastern University, U.S.A. - Bachelor's Degree in Economics (B.A.), Tufts University, U.S.A.	-	-	2013 - Present	Chairman of the Board	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2009 - Present	Chairman of the Board	KT ZMICO Securities Company Limited	Securities
						2009 - Present	Director and Audit Committee	Samitivej Public Company Limited	Health Care Services
						2009 - Present	Director	Krungthep Thanakom Co., Ltd.	Public Utility Services
						2008 - Present	Director and Audit Committee	Vanachai Group Public Company Limited	Construction Materials
						2008 - Present	Director	Advance Energy Plus Company Limited	Energy and Environment
						2001 - Present	Director	Capital Market Development Fund Foundation	
						2004 - 2008	Chief Operating Officer	TMB BANK Public Company Limited.	Bank
						2004 - 2008	Chairman	Phayathai Asset Management Company Limited	Asset Management
						2001 - 2008	Chairman	IFCT Advisory Company Limited	Financial Advisory Services

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mr. Chotipol Techakraisri	Authorized Director	37	- Master's Degree in Real Estate Business Program, Thammasat University - Bachelor's Degree in Finance and International Business, Seattle University, USA. - Director Accreditation Program : Governance training for listed company director (DAP), Class 90/2011	1.16	Elder brother of Mr. Sorapoj Techakraisri and Mr. Chumpol Techakraisri Cousin of Mr. Songphon Chaovanayothin	2003 - Present	Director/Vice Chairman of the Board	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2008 - Present	Director	Pace Real Estate Company Limited	Property Development
						2008 - Present	Director	Pace Project Two Company Limited	Property Development
						2008 - Present	Director	Pace Project Three Company Limited	Property Development
						2008 - Present	Director	Dean and Deluca (Thailand) Company Limited	a Gourmet Food Hall Restaurant and Commissary Kitchen
						2008 - Present	Director	Fourteen Points Company Limited	Property Development
						2007 - Present	Director	PACE Development Company Limited <sup>2</sup>	Property Development
						2007 - Present	Director/Managing Director	YLP Company Limited	Property Development
						2007 - Present	Director/Chief Executive Officer	Pace Project One Company Limited	Property Development
						2007 - Present	Director	Cinkara Property Limited.	Property Development
						2007 - Present	Director	MFT Development Company Limited	Property Development
						2002 - Present	Director	Chadsan Phansuan Company Limited	Property Development

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mr. Sorapoj Techakraisri	Authorized Director and Chief Executive Officer	36	- Bachelor's Degree in Business Administration (B.B.A.), Thammasat University - Director Accreditation Program : Governance training for listed company director (DAP), class 91/2011	53.80	Younger brother of Mr. Chotipol Techakraisri and elder brother of Mr. Chumpol Techakraisri Cousin of Mr. Songphon Chaovanayothin	2000 - Present	Director/Chief Executive Officer	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2008 - Present	Director	Pace Real Estate Company Limited	Property Development
						2008 - Present	Director	Pace Project Two Company Limited	Property Development
						2008 - Present	Director	Pace Project Three Company Limited	Property Development
						2008 - Present	Director	Dean and Deluca (Thailand) Company Limited	a Gourmet Food Hall Restaurant and Commissary Kitchen
						2008 - Present	Director	Fourteen Points Company Limited	Property Development
						2007 - Present	Director	PACE Development Company Limited <sup>2</sup>	Property Development
						2007 - Present	Director	Pace Project One Company Limited	Property Development
						2007 - Present	Director	Cinkara Property Company Limited	Property Development
						2005 - Present	Director/Managing Director	Fierce Publishing Company Limited	Publications
						2005 - Present	Director	MFT Development Company Limited	Property Development
						2003 - Present	Director	Mittraphap Bangplee Transportation Co., Ltd.	Logistic
						2003 - Present	Director	Chadsan Phansuan Company Limited	Property Development
						2000 - Present	Director	YLP Company Limited	Property Development



## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mr. Chumpol Techakraisri	Authorized Director	34	- Bachelor's Degree in Banking and Finance (B.B.A.), Chulalongkorn University - Director Certification Program : Program for Professional Director (DCP), class 102/2008	0.48	Younger brother of Mr. Chotipol Techakraisri and Mr. Sorapoj Techakraisri Cousin of Mr. Songphon Chaovanayothin	2011 –Present	Director	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2011 –Present	Director	Pace Real Estate Company Limited	Property Development
						2011 –Present	Director	Pace Project Two Company Limited	Property Development
						2011 –Present	Director	Pace Project Three Company Limited	Property Development
						2011 –Present	Director	YLP Company Limited	Property Development
						2011 –Present	Director	Pace Project One Company Limited	Property Development
						2011 –Present	Director	Lean Interprise Company Limited	Import and Export Business
						2007 – Present	Director	Cinkara Property Limited	Property Development
						2004 – Present	Director	MFT Development Company Limited	Property Development
						2004 – Present	Director/ Executive	T.Krungthai Industries Public Company Limited	Automotive
						2002 – Present	Director Assistant to Managing Director	T.Krungthai Industries Public Company Limited	Automotive
						2001 – Present	Director	Chadsan Phansuan Company Limited	Property Development

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mrs. Ladda Siriwattanakosol	Independent Director/ Chairman of Audit Committee	57	<ul style="list-style-type: none"> <li>- Master's Degree in Business Administration, Thammasat University</li> <li>- Bachelor's Degree in Accountancy (B.B.A.), Chulalongkorn University</li> <li>- Director Certification Program : Program for Professional Director (DCP), Class 99/2008</li> </ul>	-	-	2011 - Present	Independent Director/ Chairman of the Audit Committee	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2010 - Present	Independent Director/Audit Committee	Industrial and Commercial Bank of China (Thai) Public Company Limited	Financial Institution
						2007 - 2009	Independent Director/Audit Committee	ACL Bank Co., Ltd.	Financial Institution
						2006	Executive Vice President – Strategic	TMB Bank Public Company Limited	Financial Institution

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mr. Prasert Patradhilok	Independent Director/Audit Committee	57	<ul style="list-style-type: none"> <li>- Master's Degree in Business Administration, Chulalongkorn University</li> <li>- Bachelor's Degree in Engineering, Prince of Songkla University</li> <li>- Director Certification Program : Program for Professional Director (DCP), Class 20/2002</li> </ul>	-	-	2011 - Present	Independent Director/Audit Committee	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2009 - Present	Director	Plus Advisory Company Limited	Financial Advisory Services
						2007 - Present	Director	Advance Energy Plus Company Limited	Energy and Environment Consultant
						2006 - Present	Independent Director/Chairman of Audit	Fancy Wood Industries Public Company Limited	Production and Distribution - Parawood Furniture
						2004- Present	Committee Independent Director/Chairman of Audit	Boutique New City Public Company Limited	Supply & Distribution Women's clothing
						2004 - Present	Audit Committee	Investment Banking Club	Financial Advisor Club
						2004 - Present	Chairman of the Board Director/ President	Advisory Plus Company Limited	Financial Advisor
						2004 - Present	Director	Kindred Company Limited	Other investment
						1994 - Present	Director	Robinson Planner Company Limited	Business turnaround management consultants

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Miss Benjaporn Prisuwana	Independent Director/ Audit Committee/ Senior Vice President, Financial Accounting	49	- Master's Degree in Accountancy, Chulalongkorn University - Bachelor's Degree in Accountancy, Chulalongkorn University - Director Accreditation Program : Governance training for listed company director (DAP), Class 90/2011	-	-	2011 –Present	Independent Director/Audit Committee	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2011 –Present	Director	Motion Link Company Limited	Advertising Agency
						2000–Present	Executive Vice President & Manager	Bangkok Bank Public Company Limited	Financial Institution
Mr. Theera Vayakornvichitre	Director	36	- Master's Degree in Finance, Thammasat University - Bachelor's Degree in Finance, Thammasat University - Director Accreditation Program : Governance training for listed company director (DAP), class 91/2011	-	-	2011 –Present	Director	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2003 – Present	Director	Sansanee Industries Company Limited	Clothing Export
						2002 –Present	Director	Fierce Publishing Company Limited	Publications
						2001 – Present	Director/ Managing Director	Dynasty Apparel Company Limited	Manufacturer



## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Duration	Work Experiences in the past 5 years		
							Position	Name of Organization / Company	Business Type
Mr. Pornson Patanasin	Director/ Executive Committee and Chief Operating Officer	53	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Business Administration, Assumption University</li> <li>- Director Accreditation Program : Governance training for listed company director (DAP), class 91/2011</li> </ul>	-	-	2011 - Present	Director/Senior Executive Vice President	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2005 - Present	President Director	Complete Data Systems Limited	Computer Systems Services
						2007 - 2011	Executive Committee /Chief Operating Officer	PACE Development Company Limited <sup>2</sup>	Property Development
Miss Natha Kittiakson	Executive Committee/ Chief Financial Officer	45	<ul style="list-style-type: none"> <li>- Master's Degree in Economics, Cal Poly Pomona, USA.</li> <li>- Bachelor's Degree in Economics, University of California, Los Angeles (UCLA), USA.</li> <li>- Director Accreditation Program : Governance training for listed company director (DAP), class 49/2011</li> </ul>	-	-	2013-Present	Executive Committee/ Chief Financial Officer	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2011-2013	Director/ Executive Committee	PACE Development Corporation Public Company Limited <sup>2</sup>	Property Development
						2008-2011	Chief Financial Officer	PACE Development Company Limited	Property Development
						2002-2007	Chief Financial Officer Executive Vice President – Accounting and Finance	Major Development Public Company Limited	Property Development

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Duration	Work Experiences in the past 5 years		
							Position	Name of Organization / Company	Business Type
Mr. Sarath Pavorndechapong	Executive Committee / Senior Vice President – Legal & Compliance/ Corporate Secretary	46	<ul style="list-style-type: none"> <li>- Master's Degree in International Business, London South Bank University, UK</li> <li>- Bachelor's Degree in Law (LL.B.), Thammasat University</li> <li>- Diploma in Taxation, Thai Barrister-at-Law Institute</li> <li>- Certificate of Completion of Trial Advocacy Training Program, The Lawyers Council of Thailand</li> <li>- Director Accreditation Program: Governance training for listed company director (DAP), class 93/2011</li> <li>- Certificate of Corporate Secretary Program (CSP), class 18, The Thai Institution of Director</li> </ul>	-	-	2011–Present	Executive Committee / Senior Vice President – Legal & Compliance/ Corporate Secretary	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2008–2011	Senior Vice President – Legal & Compliance	PACE Development Company Limited <sup>2</sup>	Property Development
						2007–2008	Senior Manager – Legal & Compliance	TWR Holdings Limited	Property Development
						2003–2007	Senior Manager – Legal & Compliance	SC Asset Corporation Public Company Limited	Property Development

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Duration	Work Experiences in the past 5 years		
							Position	Name of Organization / Company	Business Type
Mr. Kipsan Oslo Beck	Executive Committee/ Chief Marketing Officer,	41	- Master's Degree in Business Administration (MBA) (Finance), Assumption University - Bachelor's Degree in Business, University of Auckland	-	-	2010 –Present	Executive Committee/ Chief Marketing Officer	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2004 - Present	Director/ Advisor	Beck Hobday Tong Company Limited	Business Services Consultant
						2008 - 2011	Chief Marketing Officer	PACE Development Company Limited <sup>2</sup>	Property Development
						2004 - 2010	Master of Ceremony	Thana Burin Asia Pacific Company Limited	Mass Communications
						2004 - 2007	Marketing Consultant	Gaysorn Property Company Limited	Retail, Property Development
Mr. Nuthapon Luckkanalawan	Executive Committee/ Senior Vice President – Finance & Accounting	34	- Master's Degree in Business Administration, Major in Finance (MBA.), The National Institute of Development Administration - Bachelor's Degree in Business Administration, Major in Finance & Banking, Chulalongkorn University - Bachelor's Degree in Accounting, Sukhothai Thammathirat Open University	-	-	2011–Present	Executive Committee/ Senior Vice President – Finance & Accounting	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2008-2011	Senior Vice President – Finance & Accounting <sup>2</sup>	PACE Development Company Limited <sup>2</sup>	Property Development
						2006-2008	Assistant Vice President – Finance & Accounting	Major Development Public Company Limited	Property Development
						2010–Present	Partnership	LUCK Services Partnership Limited	Auditing

## DETAIL OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY (CONTINUED)

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Duration	Work Experiences in the past 5 years		
							Position	Name of Organization / Company	Business Type
Mr. Songphon Chaovanayothin	Senior Executive Vice President/ CRM	39	- Bachelor of Business Administration Assumption University ABAC.	-	Cousin of Mr. Sorapoj Techakraisri	2011-Present	Senior Executive Vice President	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2008-2011	Senior Executive Vice President	PACE Development Company Limited <sup>2</sup>	Property Development
						2003-2008	Senior Supervisors	Toyota Motor Thailand Company Limited	Auto and Automotive Parts
Mr. Saharaj Patumphong sothorn	Senior Vice President – Construction	48	- Bachelor Degree Civil Engineering Institute of Technology	-	-	2011 –Present	Senior Vice President –Construction	PACE Development Corporation Public Company Limited <sup>1</sup>	Property Development
						2008 - 2011	Senior Executive Vice President	PACE Development Company Limited <sup>2</sup>	Property Development
						2003 - 2008	Project Manager	Cornerstone Management Company Limited	Construction Management Consultants

Note : <sup>1</sup> "Cinkara Co., Ltd. has converted and registered to be a public limited company and changed name to PACE Development Corporation Public Company Limited"

<sup>2</sup> For the purpose of business restructuring, the officers of PACE Development Company Limited were transferred to Cinkara Co., Ltd. Recently, Cinkara Co., Ltd. has converted and registered to be a public limited company and changed name to PACE Development Corporation Public Company Limited since 20 September 2011.



## Attachment 2

### Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (December 31,2013)

Board Of Directors	1	In Subsidiaries					Associated Companies														
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1. Mr. Kraithip Krairiksh	/																				
2. Mr. Chotipol Techakraisri	//, ///	///, XX	///	///	///	///	///	///	///	///	///	///	///								
3. Mr. Sorapoj Techakraisri	//, ///, X, Y	///	///	///	///	///	///	///	///	///	///	///	///,YY	///							
4. Mr.Chumpol Techakraisri	//, ///	///	///	///	///	///	///	///	///						///,YY	///					
5. Mrs. Ladda Siri wattanakosol	//, ///																///				
6. Mr. Prasert Patradhilok	//, ///																	///	///	///	///
7. Miss Benjaporn Prisuwan	//, ///																				
8. Mr.Theera Vayakornvichitre	//												//								
9. Mr. Pornson Patanasin	//, Y, YY																				
10. Miss Natha Kittiakson	Y, YY																				
11. Mr.Sarath Pavorndechapong	Y, YY																				
12. Mr. Kipsan Oslo Beck	Y, YY																				
13. Mr. Nuthapon Luckkanalawan	Y, YY																				
14. Mr. Songphon Chaovanayothin	YY																				
15. Mr. Saharaj Patumphongsothorn	YY																				

Annotation : / = Shareman of the Board, // = Director, ///= Authorized Director, //// = Audit Committee, x = Chief Executive Officer, xx = Managing Director, Y = Executive Committee, YY = Manager

- 1) PACE Development Corporation Public Company Limited
- 2) YLP Company Limited
- 3) Pace Real Estate Company Limited
- 4) Pace Project One Company Limited
- 5) Pace Project Two Company Limited
- 6) Pace Project Three Company Limited
- 7) Fierce Publishing Company Limited
- 8) Chadsan Phansuan Company Limited

- 9) MFT Development Company Limited
- 10) Dean and Deluca (Thailand) Company Limited
- 11) Fourteen Points Company Limited
- 12) PACE Development Company Limited
- 13) Fierce Publishing Company Limited
- 14) Mittraphap Bangplee Transportation Company Limited
- 15) T.Krungthai Industries Public Company Limited
- 16) Lean Enterprise Company Limited

- 17) International and Commercial Bank of China (Thai) Public Company Limited
- 18) Kindred Company Limited
- 19) Boutique Newcity Public Company Limited
- 20) Plus Advisory Company Limited
- 21) Fancy Wood Industries Public Company Limited

## Attachment 2

### Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (December 31,2013)

Board Of Directors	1	Associated Companies														
		22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
1. Mr. Kraithip Krairiksh	/										/	//, ///	//, ///	//	//	//
2. Mr. Chotipol Techakraisri	//, ///															
3. Mr. Sorapoj Techakraisri	//, ///, X, Y															
4. Mr.Chumpol Techakraisri	//, ///															
5. Mrs. Ladda Siri wattanakosol	//, ///															
6. Mr. Prasert Patradhilok	//, ///	///	///	///,xx												
7. Miss Benjaporn Prisuwana	//, ///				///											
8. Mr.Theera Vayakornvichitre	//					///,xx	///									
9. Mr. Pornson Patanasin	//, Y, YY							//								
10. Miss Natha Kittiakson	Y, YY															
11. Mr.Sarath Pavorndechapong	Y, YY															
12. Mr. Kipsan Oslo Beck	Y, YY								//							
13. Mr. Nuthapon Luckkanalawan	Y, YY									///						
14. Mr. Songphon Chaovanayothin	YY															
15. Mr. Saharaj Patumphongsothorn	YY															

Annotation : / = Chairman of the Board, // = Director, ///=Authorized Director, /// = Audit Committee, x = Chief Executive Officer, xx = Managing Director, Y = Executive Committee, YY = Management

22) Robinson Planner Company limited  
 23) Advance Energy Plus Company Limited  
 24) Advisory Plus Company Limited  
 25) Motion Link Company Limited  
 26) Dynasty Apparel Comapny Limited

27) Sansanee Industries Company Limited  
 28) Complete Data System Company Limited  
 29) Beck Hobday Tong Company Limited  
 30) LUCK Services Ltd. Part  
 31) KT ZMICO Securities Company Limited

32) Samitivej Public Company Limited  
 33) Vanachai Group Public Company Limited  
 34) Krungthep Thanakom Co., Ltd.  
 35) Advance Energy Plus Company Limited  
 36) Capital Market Development Fund Foundation

# CORPORATE GOVERNANCE

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The Company profoundly recognized that Corporate Governance (CG) is a key driver to the business efficiency and the sustainable growth, which ultimately lead to the maximum returns for all stakeholders including employees, investors, shareholders and other interested persons. The Board of Directors (BOD) thus agreed to establish the policy of Good Corporate Governance, covering major substances including the structure, roles and responsibilities of the BOD, as well as the executives' managing principles that must be transparent, clear, and measurable. This is to ensure that all of the Company's business maneuvers are done with fairness and on the ground of the maximum benefits of the Company's shareholders and stakeholders.

The BOD and the Company's management team strongly adhere to determination and uprightness. The Company determines its vision, policies, and guidelines to be abided by all of its directors, executives, and employees to create the culture of continual CG mindset and build sustainable grounds for value creation for all stakeholders. This is an important engine to accomplish the goals set by the BOD, who designed the Company's structure to be transparent and facilitative to justifiable business conducts according to the CG framework under the rules set forth by the Stock Exchange of Thailand.

## 1 Corporate Governance Policy

The Company's BOD places high importance on stringent conforming to the CG principle. Recognizing the importance of the roles and responsibilities of the BOD and the management team in building a good CG environment that will strengthen the Company's competitiveness, fortify effective and transparent management, and increase the level of trust from shareholders, investors, and other stakeholders, PACE established its CG policy, covering 5 main principles as the followings:

### ***Principle 1 Shareholders' Rights***

The Company respects shareholders' rights to make decisions pertaining to the Company's major changes and the rights to receive correct, complete, sufficient, and timely information evenly. Consequently, The BOD set the following policies:

- 1) The Company must send to the directors meeting invitations, relevant supporting documents and opinions of the previous committees for every agenda at least 14 days prior to the meeting of the BOD to provide the directors sufficient time to study the materials. In the case that any director cannot participate in the meeting, such director is allowed to grant the authority to independent directors or any other proxies to attend the meeting, using the authorization form attached to the invitation letter.
- 2) The Company will facilitate shareholders in the shareholder's meeting by selecting a highly accessible venue and a convenient meeting date and attaching the map to the venue with the invitation letters. The meeting time is also designed to be sufficient and of proper length.
- 3) Before the commencement of the shareholders' meeting, the Company will declare to the shareholders proper approaches to vote, express opinions, and make inquiries in the Meeting for each agenda. Every shareholder maintains equal rights to express opinions and make inquiries during the meeting. The Meeting's chairman is responsible for proper time allotment so that there is sufficient time for all shareholders wishing to make comments. Relevant directors and executives will also attend the meeting to respond to comments or inquiries brought up in the Meeting.

- 4) The Company will increase its communication channel to its shareholders using the Company's website, on which news and details are constantly posted and updated. Meeting invitations will be posted on the website prior to the shareholder's meeting date so that the attendants can download and study the meeting agenda and supporting documents before being given the hard copies from the Company.
- 5) The Company must maintain meeting minutes that are complete, precise, timely, and transparent and record all major opinions and inquiries in the minutes so that shareholders can review them later. In addition, the Company must upload minutes of its shareholders' meeting on the Company's website to allow shareholders to review and also send the hard copy of such minutes to the Stock Exchange of Thailand within 14 days since the meeting date.
- 6) The Company will facilitate its shareholders by distributing dividend payment through bank transfer (in case of dividend payment) to help shareholders get the payment on time and to prevent against lost, damaged, or delayed checks.

### ***Principle 2 Fair Treatment of Shareholders***

The Company requires that all shareholders be treated fairly and equally. Consequently, the BOD set up the following policies:

- 1) Facilitate minority shareholders to nominate directors and suggest additional agenda before the commencement of the shareholder meeting
- 2) Determine a clear rule in advance as to whether and how to add additional agenda suggested by minority shareholders into the existing agenda, and as to how minority shareholders can nominate candidates for the Company's directors
- 3) Include only the agenda determined in advance without changing major information or adding new untold agenda unnecessarily, especially in the meeting with agenda that require extensive time to study and thorough understandings from shareholders
- 4) Facilitate shareholders unable to attend the meeting by allowing such shareholders to grant the authority to attend and vote in the meeting to at least one of the independent directors or any individual of choice. The names of the selected independent directors must be informed in the meeting invitation letter.
- 5) Treat every shareholder fairly and equally, regardless of being majority or minority shareholders, Thai or foreign shareholders
- 6) Encourage the use of voting cards in every agenda to prove transparency and measurability in the voting process, in case of a later dispute. In the director nomination agenda, the Company grants each shareholder the right to nominate directors person by person.
- 7) Establish a written guideline to maintain internal information and prevent misuse of such information and communicate the guideline to all entities in the organization. The Company also requires that all directors and executives report their securities holding and submit the report to the Company's BOD.

### ***Module 3 Responsibilities to Stakeholders***

The Company truly recognizes and respects the rights of internal stakeholders, such as shareholders and employees, and external stakeholders, such as customers, trading partners, competitors, governmental entities, and other entities including surrounding communities, as they are important contributors to the Company's competitiveness and profitability, the main drivers of PACE's long-term value creation. The Company, therefore, set up the following policies:

#### **1) Proper Conducts and Responsibilities Towards Shareholders**

PACE realizes that shareholders are the true owners of the Company and wholeheartedly accepts fiduciary duty to create long-term value to its shareholders. It therefore requires that its employees adhere to the following guidelines:



- Behave in an honest, upright manner and always base one's decision on thorough considerations and fairness to every shareholder in order to maximize overall shareholders' value
- Monitor and control the operation to ensure that the Company's financial status and performance are well maintained, and regularly report the Company's business status, performance, financial status, accounting information and other information in a true, unbiased manner
- Report the Company's positive and negative trends, based on probabilities, solid evidence and backup reasoning, to every shareholder in an equal, unprejudiced fashion.
- Refrain from exploiting the Company's undisclosed information to one's or other's personal benefits and abstain from any other actions that may result in conflicts of interest with the organization
- The Company must treat all shareholders equally in the shareholders' meeting

## **2) Proper Conducts and Responsibilities Towards Governmental Entities**

The Company highly values compliance with laws, rules, and regulations set forth by the regulating bodies, especially when transacting with governmental entities. In such exposures, it will avoid maneuver that may lead to misuses of authorities and misconducts. The Company, instead, tries to build relationships with the governmental bodies in a lawful way, such as normal greetings in public venues and paying visits in normal traditions. Guidelines for dealing with governmental bodies are as follows:

- Properly and carefully conduct oneself when contacting with governmental bodies or persons
- Always realize that the laws, rules, and regulations set by different governmental entities may require different procedures, which the Company must know by heart and follow accordingly

## **3) Proper Conducts and Responsibilities Towards Employees**

The Company realizes that all employees are the most valuable assets and the key drivers for the organization's achievement. It thus determined the policy to ensure fair treatment in employment opportunity, compensation, nomination, job rotation, and skill development as the followings:

- Treat all employees with respects in their honors, dignities, and individual rights
- Always maintain a working environment that is safe for the lives and properties of employees
- Nomination, rotation, awards giving, and penalty giving must be done with genuine intention, taking into account such employee's knowledge and appropriateness
- Support the development of knowledge and skills of employees by constantly engaging them in learning opportunities, such as seminars, trainings, and workshops, which are equally accessible to all employees
- Set fair remuneration rates consistent with the market condition, business competition, job type, performance, and the Company's ability to pay
- Avoid any unfair treatment that may negatively affect employees' job security
- Create opportunities for employees to give comments or file complaints in the subjects related to their professions and to suggest possible recommendations that will benefit all parties involved and create relationships and good working environment

#### 4) Proper Conducts and Responsibilities Towards Customers

The Company is determined to stay in real estate development business with the main purposes to create, present, and administer its products and services in the quality-focused, ethical principles as shown below:

- Be determined to procure and develop products and services to best serve the need of the clients
- Deliver quality products and services with fair terms and conditions
- Provide precise and sufficient information related to products and services that customers can utilize in their decision making process without exaggerating the qualifications, quality, quantity, or any conditions of the products and services in the Company's advertisement or in other communicating channels
- Arrange to have communicating mechanism for customer complaints in place should there be any problems related to the Company's products or services so that the Company can immediately resolve such problem and utilize the information to improve the quality of its products and services
- Maintain customers' confidential information and abstain from revealing or misuse of such information

#### 5) Proper Conducts and Responsibilities Towards Trading Partners and Counterparties

Realizing that trading partners and other counterparties are quintessential to the success of the Company, PACE has a strong policy to treat its trading partners and counterparties fairly and equally, placing mutual benefits before its own benefits. Guidelines for treatment of trading partners and counterparties are as follows:

- The company will arrange to procure products and services efficiently by applying the following principles:
  - Competition on equivalent information
  - Clear rules on trading partners and counterparty selection and assessment
  - Have proper agreements that are fair to both sides
  - Put in place management and tracking system to ensure that the conditions in the agreement are followed through completely and accurately to prevent fraud and corruption in every step of the procurement process
  - Make payment to trading partners and counterparties in a timely manner according to the agreed payment terms
- The Company is strongly resolute to develop and preserve sustainable relationship with its trading partners and counterparties that are reliable and determined to provide quality products and services worth of the Company's cost
- All executives and employees must abstain from taking personal benefits from trading partners and counterparties directly or indirectly in any circumstance
- All executives and employees must abstain from abusing information on procurement or purchasing for personal gains of oneself or of others

#### 6) Proper Conducts and Responsibilities Towards Lenders

The Company is determined to conduct its business based on solid principles and strict disciplines to create trust for lenders. In so doing it follows these rules:

- Rigorously follows the terms and conditions defined in the contracts or agreements
- If the Company, in any circumstances, cannot satisfy the said terms and conditions, it will promptly inform relevant lenders in advance to seek for mutually agreed resolutions

**7) Proper Conducts and Responsibilities Towards Competitors**

The Company is determined to be sustainably successful and to stand to be a leading real estate developer that competes fairly and ethically by following these principles:

- Conduct oneself according to a fair competition framework
- Abstain from acquiring competitors' confidential information wrongfully or inappropriately and abusing such information for the Company's sake
- Refrain from making false allegations or false statements that may destroy the reputation of the competitors
- Abstain from engaging in activities that violate intellectual property rights of the Company's competitors or other entities

**8) Proper Conducts and Responsibilities Towards Society**

Recognizing its role in the sustainable development of the society and environment, the Company has been active in arranging several altruistic activities in its surrounding communities applying the following principles on responsibilities towards communities and environment:

- Put in place a policy to responsibly conduct business, taking into account environmental concerns, and strictly adhere to the laws and regulations on environment conservation currently in use
- Have a clear set of CSR policies and enforce such policies in the organization
- Encourage the Company's employees to be aware of and responsible for environment and society
- Pay respects to local traditions, customs, and cultures in which the Company operates
- Constantly engaging in activities that improve the living conditions of the surrounding communities, society, and environment held both by the Company itself and through collaboration with other governmental, local, or private entities
- Suitably participate in the activities held by communities surrounding the project sites
- Respond promptly and efficiently to the incidences that may affect the environment, communities, lives, and properties of others due to the business conducts of the Company, and unduly cooperate with governmental agents or other relevant parties to resolve such incidences

In addition, the Company's interested persons can make inquiries, give comments, file complaints, or give information on illegal actions, financial statement inaccuracy, flawed internal control, and unethical actions to the Company's independent directors or members of the Audit Committee. The information will be classified and protected. Independent directors and members of Audit Committee will arrange to have the information investigated and find solutions (if any) and report to the Boards of Directors.

**Module 4 Information Disclosure and Transparency**

- 1) The BOD has a policy to disclose financial information and other information pertaining to the business and the performance of the Company in a precise, complete, sufficient, regular, and timely manner to represent the true financial status, current performance, and the future trend of the Company's business.
- 2) The BOD is determined to ensure that the Company complies with laws, rules, and regulations regarding information disclosure and transparency. It arranges to have such information presented both in Thai and English versions on the Company's websites, public communication channels, and SET's communication channel to provide to its shareholders and other stakeholders a convenient access to the Company's information. It will also adjust its communication means to comply with guidelines set forth and enforced by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

- 3) The Company will arrange to have staff in Investor Relations Department to be responsible for communicating with shareholders, institute investors, and retail investors, and to set up regular analyst meetings, as well as to distribute financial and general information to the Company's shareholders, analysts, rating agencies, and other governmental entities through several channels, such as reports submitted to the SET and the SEC and on PACE's website. In addition, the Company regularly discloses its information in both Thai and English versions through the Company's website to provide its shareholder a convenient access to updated company's information. The information posted on the website, including the Company's visions, missions, financial reports, news, annual reports, organization structures and executives, shareholder structure, and major shareholders will be regularly updated to reflect the most current status of the Company.
- 4) The Company places high emphasis on its financial reports and make sure that they reflect the true financial status and performance of the Company based upon correct, complete, and sufficient data according to the generally accepted accounting standards.
- 5) The Company will disclose the information regarding each director, roles and responsibilities of the Board of Directors and sub-committees, the number of meeting held and the number of meeting attended by each directors in the past year in its annual report (Form 56-2) and annual registration statement (Form 56-1).

### **Module 5 Board of Director's Responsibilities**

The BOD owes its fiduciary duty to the Company's shareholders to ensure that the Company complies with the governing laws, company's objectives, company's articles of association, and resolutions of shareholders' meetings

#### **1) Structure of the Board of Directors**

- 1.1) The Company's BOD consists of 9 members, each serving a 3-year term in position. Three of the members are executive directors. The other 6 members are non-executive directors, three of whom are independent directors. This structure is satisfied with the rules set forth by the SEC requiring that all listed companies must have the ratio of 1 independent director per 3 directors. All directors are knowledgeable in Engineering, Accounting or Finance.
- 1.2) The Company appointed corporate secretary to provide opinions and suggestions on legal points and regulations that the BOD must acknowledge, to support the activities of the BOD, and to coordinate with various entities in the execution of the BOD's resolution

#### **2) Sub-committees**

- 2.1) The Company has 4 sub-committees, namely Audit Committee, Executive Committee, Remuneration Committee, and Risk Management Committee. These sub-committees are set up to conform to the principle of good corporate governance and to provide assistance to the BOD.
- 2.2) Chairman of Audit Committee, Chairman of Remuneration Committee, and Chairman of Risk Management Committee are all independent directors. This is to ensure independence and transparency in their job function.

#### **3) Roles, Duties, and Responsibilities of the Board and Committees**

The roles, duties, and responsibilities of the BOD and sub-committees will be covered in topic 9.2

#### **4) Meeting of the Board of Directors**

- 4.1) The BOD determines at least 2 meetings per 1 quarter in advance and will arrange to have special meetings based on necessity and appropriateness on the case-by-case basis. In case of special meetings, the Company must inform the attendants at least 7 days prior to the meeting date. The meeting's constituted quorum is achieved when at least half of the directors attend the meeting.
- 4.2) The meeting agenda are clearly determined in advance by Chairman of the BOD and Chief Executive Officer (CEO). Corporate secretary is responsible for ensuring that all the directors receive supporting document in a sufficient time period prior to the meeting to allow all attendants to study the agenda and make informed voting decision.



- 4.3) The BOD must receive sufficient, complete, and timely information before the commencement of every meeting. Directors can contact corporate secretary directly and freely to request recommendations pertaining to legal and regulation issues.
- 4.4) Chairman of the BOD is responsible for managing the meeting time properly to allow adequate time for management to present the information and sufficient time for the Board to discuss important agenda and give opinion on each agenda before summarizing the Meeting's resolution.
- 4.5) The BOD has a policy to allow non-executive directors to have a separated session to discuss management-related issues of interest without the presence of management. The result of such meeting is to be informed to the CEO.
- 4.6) The BOD supports the decision of the CEO to invite high-level executives to the meeting of the BOD to give additional information to the Meeting as directly operative agents. This also gives the directors an opportunity to know high-level executives to be considered in the Company's succession plan.
- 4.7) During the consideration and the voting of every agenda, the directors who have conflicts of interest in such agenda must leave the meeting and refrain from voting.
- 4.8) Written meeting minutes are required in all of the meeting of the BOD. The minutes must be approved by the BOD and be maintained in a form that is ready to be reviewed by directors and/or other relevant parties

#### **5) Directors' Self-assessment**

After being listed in the SET, the Company's BOD will arrange to have an annual self-assessment procedure in which the directors will assess his/her performance in the past year and use the result to improve the efficiency of the BOD in the next years.

#### **6) Remuneration**

The Company's BOD delegates the authority to recommend remuneration protocols to the Remuneration Committee. Such protocols are to be approved in the shareholders' meeting and will be embodied in a remuneration policy. Such remuneration protocols are based on the following criteria:

- 6.1) The Company's performance and the size of the business, by comparing with remuneration of directors in other listed companies of the same nature and size
- 6.2) Experiences, roles, duties and responsibilities of each director
- 6.3) Expected value contribution from each director
- 6.4) Remuneration rate should be sufficient to attract qualified candidates to join the Company as directors or executives
- 6.5) Responsibilities of each director

#### **7) Directors and Executives Development and Training Programs**

The BOD has a policy to support and facilitate trainings for directors engaging in the Company's corporate governance process, such as directors, members of the Audit Committee, and high-level executives, to continually improve the Company's CG procedures. In the case of changing directors or appointing new directors, the Company's management will prepare document containing useful information for the work of the new directors and also arrange to have a session in which the Company's business nature and its operations are introduced to the new directors.

As of present, all directors have passed director training programs from Thai Institute of Directors. Some of them have passed Director Accreditation Program (DAP) and Director Certification Program (DCP) offered by the same institution.

## 8) Conflicts of interest

The BOD has determined the guidelines to handle conflicts of interest satisfied with the ones provided by the SET and Securities and Exchange Act for the ultimate benefit of the Company. It is the duty of personnel in every level to resolve the situations at risk of conflicts of interest with a careful, upright, and independent mindset based on a well-laid ethical framework, and to transparently disclose necessary information with the Company's interest at heart.

## 2 Committees and Boards

The Company's committee structure consist of 5 committees, which are

- 1) Board of Directors
- 2) Audit Committee
- 3) Executives Committee
- 4) Nomination and Remuneration Committee
- 5) Risk Management Committee

### 2.1 Board of Directors

As of December 31, 2013, the Company's Board of Directors consists of 9 members as follows:

Name	Position
Mr. Kraithip Krairiksh	Chairman of the Board and Independent Director
Mr. Chotipol Techakraisri	Vice Chairman of the Board
Mr. Sorapoj Techakraisri	Director
Mr. Chumpol Techakraisri	Director
Mr. Theera Vayakornvichitre	Director
Mr. Pornson Patanasin	Director
Mrs. Ladda Siri Wattanakosol	Director, Chairman of Audit Committee and Independent Director
Mr. Prasert Patradhilok	Director, Member of Audit Committee and Independent Director
Miss Benjaporn Prisuwana	Director, Member of Audit Committee and Independent Director

Note: The Company's Corporate Secretary is Mr. Sarath Pavorndechapong, appointed on September 21, 2011.

### Authorized directors

The Company's authorized directors as defined in the Company's Affidavit is Mr. Sorapoj Techakraisri, signing his signature together with the Company's seal or Mr. Sorapoj Techakraisri and Mr. Chotipol Techakraisri, signing their signatures together with the Company's seal.

### Authorities, Roles and Responsibilities of the Board of Directors

The Board of Director's no. 1/2011 held on September 21, 2011 determined the authorities, roles and responsibilities of the Board of Directors as the followings:

1. Perform its duties in a manner that conforms to the governing laws, the company's objectives, the company's articles of associations, resolutions of the Board of Directors, and resolutions of shareholder's meeting with accountability, caution, and integrity

2. Review in details and give approval on visions, business strategies, business direction, policies, objectives, guidelines, plans, and budgets of the Company, its affiliates, and its subsidiaries that the Executive Committee and the Company's management team propose.
3. Supervise and track the performance of the Company's executive committee, CEO, management, and any other persons delegated the management functions to make sure that such persons undertake their functions in a fashion consistent to the policy given by the BOD
4. Continually monitor the Company's performance to match with the Company's plan and budget
5. Ensure that the Company, its affiliates, and its subsidiaries have proper and efficient accounting system, effective internal control, and effective internal audit systems in place
6. Arrange to have the Company's balance sheet and income statement completed for the end of the Company's accounting period and present them in the annual shareholders' meeting for approval
7. Review and approve the Audit Committee's selection and nomination of the Company's auditor and compensation to such auditor and present them in the annual Shareholder meeting for approval
8. Arrange to have a written corporate governance policy and make sure that such policy is effectively executed in the organization to establish the perception that PACE is responsible for fair treatment to every stakeholder.
9. Give approval on the appointment of qualified persons that have no prohibitive characteristics defined in the Public Company Act B.E.2535 (and subsequent amendments), the Securities and Exchange Act B.E. 2535 (and subsequent amendments), and other relevant announcements, rules, and/or regulations pertaining to the appointment of directors in the case that the position becomes vacant due to reasons other than expiration of terms, and agree on the appointment of directors to replace the ones whose terms expire and the determination of directors' compensation that the Remuneration Committee proposes to the shareholders' meeting for approval.
10. Appoint sub-committees, including Audit Committee, Executive Committee, Remuneration Committee, Risk Management Committee and other sub-committees, and determine roles and responsibilities of such committees to assist and support the work of the Company's directors
11. Make decision on the determination of or alteration of the Company's authorized directors
12. Appoint the Company's management, according to the definition provided by The Securities and Exchange Commission (SEC) or Capital Market Supervisory Board, and the corporate secretary, and decide on giving approval on the Remuneration Committee proposal of executive compensation.
13. Request professional opinions from external organizations, if needed, to support in the BOD's decision making process.
14. Encourage the Company's directors and management to participate in seminars held by Thai Institute of Directors in the subject matters relevant to the roles and responsibilities of such persons

The authorization of roles and responsibilities must not be done in such a way that the directors or the person given the power of attorney from the directors can make approval/disapproval on the transactions that such persons or the persons having conflicts with such persons may have interests upon or the transactions that may entail conflicts of interest with the Company, its affiliates, and its subsidiaries (according to the definition provided by notifications of the SEC or notifications of the Capital Market Supervisory Board), except the approval on such transactions are done on the policy or the rules that the shareholders' meeting or the Board of Directors have previously approved.

## 2.2 Audit Committee

As of December 31, 2013, Audit committee consists of 3 members as in the following

Name	Position
1. Mrs. Ladda Siri Wattanakosol	Chairman of Audit Committee
2. Mr. Prasert Patradhilok	Member of Audit Committee
3. Miss. Benjaporn Prisuwanana*	Member of Audit Committee

Note:

- Ms. Benjaporn Prisuwanana is the member of Audit Committee who has knowledge and experience in Accounting and Finance
- Ms. Montakan Teannetinun appointed as secretary of Audit Committee on December 25, 2013

### **Authorities, roles, and responsibilities of Audit Committee**

The Board of Directors' Meeting no. 1/2011, held on September 21, 2011, approved the authorities, roles and responsibilities of the Audit Committee as in the followings:

1. Review and ensure that the Company has correct and sufficient financial reporting
2. Review and ensure that the Company has proper and effective internal control and internal audit system
3. Review and ensure that the Company complies with the securities laws, rules of the SET, and other relevant regulations
4. Consider, select, nominate and propose the compensation package of an independent auditor to act as the Company's auditor and attend the meeting with such auditor without the presence of the Company's management at least once a year
5. Consider and review related transactions or transactions at risk of conflicts of interest according to the definition provided by the laws and the rules of SET and hold a meeting of Audit Committee at least once a year or as frequently as necessary
6. Prepare the report of Audit Committee and disclose such report in the Company's annual report. The report must be signed by Chairman of Audit Committee and have the following information at the minimum:
  - Opinion upon correctness, completeness, and reliability of the Company's financial reports
  - Opinion upon adequacy of the Company's internal control system
  - Opinion upon the Company's compliance with the laws concerning securities and exchanges, rules of the SET, and other relevant regulations
  - Opinion upon appropriateness of the Company's auditor
  - Opinion upon related transactions and transaction at risk of conflicts of interest
7. Review the work of Internal Audit Department in the following topics:
  - Review the department's scope of work, annual audit plans, budget, and personnel to make sure that the department's resources are consistent with the scope of work and enough to support the work of Audit Committee
  - Review the nomination, rotation, or termination of Head of Internal Audit Department
  - Review the presentation of performance report
  - Review the independence of Internal Audit Department



8. Review and verify that the rules of and the protocols used in internal audit work is suitable for the dynamic of the business environment
9. Summarize the task of Audit Committee and report to the Board of Directors
10. Report the findings of suspected transactions that may significantly affect the Company's financial status or performance to the Board of Directors to seek for resolutions in the appropriate time frame determined by the Audit Committee. Such findings include:
  - Transactions at risk of Conflicts of Interest
  - Fraud, irregularities, or fatal flaws in the internal control system
  - Violations of the laws concerning securities and exchanges, rules of the SET, and other relevant regulations

If the Board of Directors or the Company's executives do not arrange to have resolutions to the reported transactions defined in paragraph one above within the time period determined by the Audit Committee, one of the members of Audit committee may report such transaction to the SEC or the SET.

11. Execute its authorities, roles and responsibilities defined in (1)-(10) to the Company's affiliates and subsidiaries as requested by the Company's affiliates and subsidiaries or as far as it is allowed by the defined authorities, roles, and responsibilities
12. Exercise other roles as requested by the Board of Directors with the approval from the Audit Committee

The Company's Audit Committee has authority to do some tasks, such as inviting the Company's directors and employees to discuss on, present, or give answers to topics falling under the responsibilities of Audit Committee, seeking consultation from experts or the Company's advisory agents (if any), hiring external experts from time to time as needed with the Company's expense, requesting supporting document or evidence necessary for an auditing purpose from the Company's employees, investigating doubtful topics or transactions, and delegating to the Company's employee(s) the tasks that fall under the scope of the Audit Committee and is completed for the auditing purpose. The Committee also execute its authorities, roles and responsibilities aforementioned to the Company's affiliates and subsidiaries as requested by the Company's affiliates and subsidiaries or as far as it is allowed by the defined authorities, roles, and responsibilities

#### **Qualifications of Independent Directors**

Independent directors must not have businesses or take part in managing businesses that share interest with the Company and, therefore, may sabotage independent decision making of such directors. Independent directors must have the following qualifications:

1. Hold not more than 1% of the shares with voting rights of the Company, its parent company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities, with the inclusion of such shares held by relating parties of such independent directors
2. Must not be or have been directors who are involved in the management of the employees, salaried advisory agents, or controlling entities of the Company, its parent company, its affiliates, its subsidiaries, the subsidiaries of the same rank, its major shareholders, or its controlling entities except such position has been terminated at least 2 years prior to the appointment date.
3. Must not be relatives or by legal registration in the form of parents, spouses, brothers and sisters, children of, or spouses of the children of the Company's executives, major shareholders, controlling entities, or any other persons nominated to be executives or controlling entities of the Company, its affiliates, or its subsidiaries.
4. Have no prior business relationship with the Company, its holding company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities in a fashion that may prevent such directors from making independent judgment, and must not be or have been significant shareholders or controlling entities of the persons having business relationships with the Company, its parent company, its affiliates, its subsidiaries, its major shareholders,

or its controlling entities except such relationship has been terminated at least 2 years prior to the appointment date.

Business relationships mentioned in paragraph one includes ordinary business transactions in the real estate lease or rent business, transactions related to properties or services, or provision or receiving of financial supports by means of receiving, lending, guaranteeing, giving assets as collaterals for the loans, or similar transactions that result in one counter party, or a requester, having a binding obligation to repay to the other counterparty the amount equal to or higher than 3% of net tangible of the requester or 20 million Baht, whichever is lower. Such debt obligation is calculated using the formula of the value of related transactions as defined in the Notification of Capital Market Advisory Board on Related Transactions, with the inclusion of debt obligation incurred within 1 year prior to the date on which such relationships take place.

5. Must not be or have been auditors of the Company, its holding company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities, and must not be significant shareholders, controlling entities, or partners with the audit offices in which the auditor of the Company, its holding company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities operates except such position has been terminated at least 2 years prior to the appointment date.
6. Must not be or have been professional service providers, including legal advisers or financial advisers, who were compensated with more than 2 million baht worth of compensation per year from the Company, its parent company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities, and must not be significant shareholders, controlling entities, or partners of such professional service providers except such position has been terminated at least 2 years prior to the appointment date.
7. Must not be appointed as a representative of any directors, major shareholders, or shareholders that are related to the Company's major shareholders
8. Must not have businesses that have the same nature and can be viewed as competitors of the Company, its affiliates, and its subsidiaries, and must not be significant partners in partnerships or directors that participate in the management of, employees of, salaried advisory agents of, or hold more than 1% of the shares with voting rights of other companies that have the same nature and can be viewed as competitors of the Company, its affiliates, and its subsidiaries
9. Must not have any other qualities that may prevent such directors from providing independent opinion related to the operation of the Company

The Audit Committee reports directly to the Board of Director. The term of each members of the Audit Committee is 3 year since the appointment date. Members of the Audit Committee whose term has expired can be reappointed, with the condition satisfied with rules and regulations defined by relevant government entities,

## 2.3 Executive Committee

As of December 31, 2013, the Company's Executive Committee consists of 6 members as follows:

Name	Position
1. Mr. Sorapoj Techakraisri	Chairman of Executive Committee
2. Mr. Pornson Patanasin	Member of Executive Committee
3. Miss. Natha Kittiakorn	Member of Executive Committee
4. Mr. Kipsan Beck	Member of Executive Committee
5. Mr. Sarath Pavorndechapong	Member of Executive Committee
6. Mr. Nuthapon Luckkanalawan	Member of Executive Committee

**Authorities, roles, and responsibilities of Executive Committee**

The Board of directors' Meeting no. 1/2011 held on September 21, 2011 approved the authorities, roles and responsibilities of the Executive Committee in the followings:

1. Executive Committee is responsible for the management of the Company to satisfy with the Company's objectives, the Company's policy, memorandum of association, or any other orders given by the Board of Directors. In addition, the Executive Committee is responsible for reviewing and selecting agenda to be proposed to the Board of Directors for agreement for approval
2. Prepare and formulate visions, business strategies, business directions, objectives, guidelines, plans, and budgets of the Company, its affiliates, and its subsidiaries and propose such things to the Board of Directors for approval
3. Monitor and track the execution of the Company's policies and management guidelines to make sure that such policies and guidelines are effectively executed in the manner satisfied with the intentions of the Board of Directors.
4. Have authority to give approval on or execute transactions deemed to be normal business activities under the limits or budget approved by the Board of Directors. In so doing, the Executive Committee cannot incur indebtedness or contingencies of more than 450 million baht with maturity of more than 5 years. This applies to all kinds of indebtedness and contingencies, including project financing facilities from financial institutions.
5. Prepare the following reports and submit to the Board of Directors within a specified timeframe
  - 5.1 Quarterly performance report within the time frame set by the Stock Exchange of Thailand (SET)
  - 5.2 Auditor's report on the Company's financial statements, including annual and quarterly financial statements, within the time frame set by the Stock Exchange of Thailand (SET)
  - 5.3 Other reports deemed necessary by the Executive Committee
6. In the meeting of executive committee to execute any of its authority, the meeting's constituted quorum is achieved and the execution of authority is plausible when at least half of the directors attend the meeting.
7. Each member of the Executive Committee has 1 vote per person. In the case that the votes are equal, Chairman of the Executive Committee has the power to exercise 1 final decisive vote
8. To give approval on any agenda, the Meeting must have at least half of the votes from the total votes from attendants in such meeting.
9. The Company must hold Meeting of Executive Committee at least once a year and as necessary. Any members of the Executive Committee can call a special meeting on the condition that he/she must inform the agenda of such special meeting to other members in advance to allow sufficient time for the meeting attendants to prepare for such meeting
10. The Executive Committee can appoint a taskforce and/or other persons to select the agenda to present to the Executive Committee or to perform other tasks beneficial to the work of the Committee or to perform any other delegated tasks under the authority of the Executive Committee.
11. The Company allows the Executive Committee to give its authority to and/or assign other persons to perform its tasks, if such giving of authority/assignment falls under the scope of the letter of power of attorney (POA) and/or is done according to the rules, regulations, orders that the Board of Directors has provided. The authorization of the Executive Committee's roles and responsibilities must not be done in such a way that the members of the Executive Committee or the person given the power of attorney form can make approval/disapproval on the transactions that such persons or the persons having conflicts with such persons (according to the definitions given in notifications of Capital Market Advisory Board or notifications of Securities and Exchange Commission) may have interests upon or the transactions that may entail conflicts of interest with the Company, its affiliates, and its subsidiaries.

The Executive Committee reports directly to the Board of Director. The term of each members of Executive Committee is 2 year since the appointment date. Members of Executive Committee whose term has expired can be reappointed

## 2.4 Remuneration Committee

As of December 31, 2013, the Remuneration Committee consists of 5 members as follows:

Name	Position
1. Miss Benjaporn Prisuwana	Chairman of Nomination and Remuneration Committee
2. Mr. Prasert Patradhilok	Member of Nomination and Remuneration Committee
3. Mrs Ladda Siri Wattanakosol	Member of Nomination and Remuneration Committee
4. Mr. Sorapoj Techakraisri	Member of Nomination and Remuneration Committee
5. Mr. Chotipol Techakraisri	Member of Nomination and Remuneration Committee

Note: Secretary of the Remuneration Committee is Mr. Piya Petchsod, appointed on March 20, 2012

### Authorities, roles, and responsibilities of Remuneration Committee

The Board of Directors' Meeting no. 1/2011 held on September 21, 2011 approved the authorities, roles and responsibilities of the Remuneration Committee in the followings:

1. Consider the policy and rules in the selection of qualified candidates for directors and high-level executives, as well as the selection or the nomination of qualified persons for directors and high-level executives and seek for approval from the Board of Directors or shareholders' meeting. The Company must hold Meeting of Remuneration Committee at least one a year and as necessary.
2. Consider and review remuneration and compensation policy and rules applied to directors and high-level executives
3. Give opinion to the Board of Directors in the presentation of remuneration for directors or high-level executives in the Board of Director Meeting or Shareholder Meeting. The Board of Directors has authority to give approval on remuneration packages for high-level executives; and the Shareholder Meeting has the authority to give approval on remuneration packages that the Board of Director propose for its members.

Remuneration Committee reports directly to the Boards of Directors. Each member of the Remuneration Committee has a 2-year term since the appointment date, and can be reappointed after the expiration of term.

## 2.5 Risk Management Committee

As of December 31, 2013, the Risk Management Committee consists of 5 members as follows:

Name	Position
1. Mr. Prasert Patradhilok	Chairman of Risk Management Committee
2. Miss Benjaporn Prisuwana	Mar of Risk Management Committee
3. Mrs Ladda Siri Wattanakosol	Mar of Risk Management Committee
4. Mr. Sorapoj Techakraisri	Mar of Risk Management Committee
5. Mr. Chotipol Techakraisri	Mar of Risk Management Committee

Note: Secretary of the Risk Management Committee is Mr. Nuthapon Luckkanalawan, appointed on September 21, 2011



**Authorities, roles, and responsibilities of Risk Committee**

The Board of Directors' Meeting no. 1/2011 held on September 21, 2011 approved the authorities, roles and responsibilities of the Risk Management Committee as the followings:

1. Review the Company's overall risk management policies and guidelines covering all important risks, such as financial risk, investment risk, and reputation risk, and present to the Board of Directors for approval. The Company must hold Risk Management Committee Meeting at least once a year and as necessary.
2. Formulate risk management strategies and guidelines that are consistent with the Company's risk management policies to help assess monitor and control the Company's risk in an acceptable level.
3. Monitor and track the execution of the risk management policies to ensure that it is consistent with the framework given by the Board of Directors
4. Determine the Company's risk measurement criteria and risk tolerance level
5. Determine risk mitigations that are suitable for the current business circumstances
6. Review the adequacy of the risk policies and risk management system, including the effectiveness of the system and the policy execution
7. Report regularly to the Board of Directors the subjects pertaining to the Company's management, operations, and the status of the Company's risk, as well as any changes in risk factors and measures needed to be done to mitigate the risks consistent with the risk policies and strategies
8. Constitute risk management taskforces when necessary
9. Support the risk management taskforces in such aspects as personnel, budget, and other resources suitable for the scope of task

Risk Management Committee reports directly to the Boards of Directors. Each member of the Risk Committee has a 2 year term since the appointment date, and can be reappointed after the expiration of term.

### **3 Selection of Directors and Management**

Remuneration Committee is in charge of nominating qualified persons to be considered for the positions of the Company's directors, independent directors, and executives and seeking approval from the Board of Directors and/or Shareholder Meeting (on a case-by-case basis). In so doing, the Committee will consider the candidate's qualifications, knowledge, abilities, and relevant experiences with consideration on desirable characteristics defined in Public Company Act. In addition, the candidates must not have prohibitive characteristics defined in Tor Chor 24/2551 Notification of the Capital Markets Supervisory Board on Rules and Procedures for Complying with the Notification Regarding the Acquisition of Securities for Business Takeovers (and subsequent amendments)

**Components and Appointment of the Board of Directors**

The Board of Directors determines the rules to appoint and relieve the Company's directors as follows:

1. The Board of Directors consists of at least 5 directors, who will collectively select, among themselves, one person to be Chairman of the Board of Directors, and may select other members to be Vice Chairman of the Board of Directors and other positions as deemed suitable. At least half of the members of the Board of Directors must domicile in the Kingdom of Thailand.
2. The Company's directors do not need to also be the Company's shareholders
3. The Meeting of the shareholders has authority to appoint the Company's directors based on majority rule by the following procedures

- (a) Each shareholder has his/her voting rights equal to the number of shares held by such shareholder
  - (b) Each shareholder can use all of his/her voting rights to vote for one person or many persons, but he/she cannot divide the voting rights into pools of different size and give to many persons
  - (c) Candidates will be selected based on their ranks in the voting process. The number of candidates selected will equal the number of vacant positions. If two or more candidates share the same rank, Chairman of the Meeting has authority to ultimately select the candidates.
4. In each annual general of shareholders' meeting, 1 in 3 of the Company's directors must resign. If the number of the directors is not divisible by 3, the number of directors who must resign will be the closest to 1/3 of the directors. The Company uses lot method to define the directors to resign in the first and second year after the Company is listed. In the following years, the directors with the longest term in position must resign, yet with the chance of being reelected.
5. Besides termination by term expiration, the director status may end when the directors:
  - (a) Decease
  - (b) Resign
  - (c) Lack required qualifications or have prohibitive characteristics according to the Public Company Act
  - (d) The Meeting of shareholders resolves early termination of the director status by voting at least 3 in 4 of the shareholders with voting rights who present in the Meeting and have the combined shares at least half of the shares held by shareholders who present in the Meeting
  - (e) The status is terminated by court decree
6. In case that the director position becomes vacant for the reasons other than expiration of term, the Board of Directors may select qualified persons who have no prohibitive characteristics according to the Public Company Act to be a representative of the directors, except such term will be expired within 2 months. The persons who represent in the Board will assume the position only for the remaining term of the previous director. Selecting of such representative requires 3 in 4 approvals from the remaining directors.

#### **Components and Appointment of Audit Committee**

1. Audit Committee consists of 2 independent directors, at least 1 of them possesses adequate knowledge or experiences of Accounting and Finance to be able to verify the reliability of the Company's financial statements.
2. Qualifications of independent directors are stated in topic 9.2.2 Qualifications of independent directors, which is consistent with the minimum requirements defined by the SEC and the SET
3. The Board of Directors or the annual general of shareholders' meeting has the authority to appoint the Audit Committee. Each member of the Audit Committee has a 2 year term, and can be reappointed once after the expiration of term. Reappointment is subjected to the approval of the Board of Directors or the Shareholder Meeting.

#### **Components and Appointment of Executive Board and the Company's Executives**

Remuneration Committee has the authority to search for, review, and nominate the qualified candidates to the Board of Directors for approval as already mentioned in topic 9.2

#### **Components and Appointment of Remuneration Committee**

1. Remuneration Committee consists of 5 directors, at least 1 in 3 (1/3) of whom are independent directors. Chairman of Remuneration Committee must be an independent director.
2. The Board of Directors owns authority to appoint the members of the Remuneration Committee
3. Each member of the Remuneration Committee has a 2-year term, and can be reappointed once after the expiration of term. Reappointment is subjected to the approval of the Board of Directors

### Components and Appointment of Risk Management Committee

1. Risk Management Committee consists of 5 directors, at least 1 in 3 (1/3) of whom are independent directors. Chairman of the Risk Management Committee must be an independent director.
2. The Board of Directors owns authority to appoint the members of the Risk Management Committee
3. Each member of the Risk Management Committee has a 2-year term, and can be reappointed once after the expiration of term. Reappointment is subjected to the approval of the Board of Directors

## 4 Monitoring of the Operation of Affiliates and Subsidiaries

In the past operation of the Company, the nomination and the voting to appoint directors of the Company's affiliates and subsidiaries are performed by the Company's management. Nevertheless, starting from 2014 onwards, the nomination and the appointment of such persons must be approved by the Company's Board of Directors. Directors of the affiliates and subsidiaries are responsible for maximizing the benefits of such companies, not those of the Company. Moreover, such persons must be approved by the Company's Board of Directors before being able to vote in the subject matters that requires the power of the Board of Directors should they be the subject matters of the Company

In addition, in the case of subsidiaries, the directors of such subsidiaries are responsible for arranging to have a recording system of related transactions to ensure that such transactions be recorded, maintained in the proper fashion that is easy to verify and used for timely financial statement preparation.

## 5 Controlling Measures for the Use of Internal Information

Realizing the importance of transparency in corporate governance, the Company's Board of Directors put in place the following policies to prevent the misuse of the Company's undisclosed information for personal benefits:

- 1) Educate the Company's directors, executives, and managers in charge of Accounting or Finance Department with the rank of First Vice President and higher about the duty to prepare and submit the report of securities holding of oneself, spouses, and minor children to the SEC and SET according to the rules defined in Chapter 59 and penalty clauses in Chapter 275 of the Securities and Exchange Act B.E. 2535
- 2) The Company requires directors, executives, and managers in charge of Accounting or Finance Department with the rank of First Vice President and higher to always prepare and submit the report of securities holding of oneself, spouses, and minor children through corporate secretary before submitting to the SEC and the SET within 30 days since the date that such persons are appointed to assume the positions of directors or executives, as well as to prepare and submit the report of change of securities holding within 3 days since the date of the purchase, sale, transfer, or receiving of such securities.
- 3) The Company requires that its directors, executives, managers in charge of Accounting or Finance Department with the rank of First Vice President or higher, and other persons having access to the Company's material undisclosed information that may affect the price of the Company's securities refrain from selling or buying such securities before the disclosure of financial statements, financial status, or business status prior to the disclosure of such information to the public. In so doing, the Company will notify its directors, executives, and managers in charge of Accounting Department or Finance Department with the rank of First Vice President or higher to refrain from aforementioned action in written notices at least 30 days prior to the public disclosure date. In addition, such persons must wait at least 24 hours after the public disclosure before they can start transacting the securities and must not reveal such information to others by themselves.
- 4) The Company determines a range of disciplinary penalties for the misuse of internal information for personal benefits from written warnings, compensation deduction, suspension without payment, and dismissal. Execution of appropriate penalties depends on the offender's intention and the seriousness of the offensive actions.

## 6 Compensation of Auditors

The compensation paid to the auditor for the review of interim financial statements and the auditing of financial statements for the accounting period 2013 of the Company and its subsidiaries totals 3.4 million Baht.

# Corporate Social Responsibility



## Corporate Social Responsibility (CSR)

Recognizing its role in the development of Thai society, economy, environment, and social sustainability, PACE has placed high importance on Corporate Social Responsibility (CSR) even before being listed in the Stock Exchange of Thailand (SET). Actually, it arranges to have several CSR activities and, in 2013, set up Corporate and Social Responsibility Department, a unit that reports directly to the Chief Executive Officer (CEO), to officially take care of all the CSR related works. This is to ensure that the Company will base its business decision on genuine considerations towards its surrounding society, communities, environment, and all stakeholders. To make sure that all individuals in the organization have correct understanding of CSR and act in concert, the Company has instituted CSR policy and guidelines as the followings:

1. **Mutual agreement on collective inspiration:** The Company determines policies to create collective inspiration among employees as follows:
  - 1.1 To adhere to Corporate Social Responsibility (CSR) in all of business conducts and implement CSR concept clearly and extensively throughout the organization
  - 1.2 To encourage employees in every level to instill reciprocal mindset and give back to the society and the environment
  - 1.3 To initiate altruistic activities that will add to the mutual benefits of communities, society, and environment, as well as to support comparable



activities initiated by other private or government entities

- 1.4 To avoid engaging in the activities that are unethical, immoral, or detrimental to the trust that the client and the society place on the Company
- 1.5 To respect local traditions, moralities, and cultures of every location in which the Company does its business
- 1.6 To promptly and effectively respond to the incidences that affect the surrounding environment, communities, society, and the lives and properties of others as part of the Company's business conduct

## **2. The Company's vision of Corporate Social Responsibility:**

PACE has set a clear goal to be a leading real estate developer that focuses on CSR. In so doing, it combines the concept of sustainability to its daily business maneuvers, resulting in PACE's Ethical Culture that consists of three prongs: Compliance, Accountability and Transparency. This culture can guard against fraud and corruption. In addition, it also encourages directors, committees, high-level executives, and employees to participate in its CSR activities.

## **3. Scope of Corporate Social Responsibility work:**

PACE strictly adheres to the Rules of Corporate Social Responsibility defined by the Securities and Exchange Commission Thailand (SEC) in all 8 modules shown below:

- 1) Good Corporate Governance
- 2) Fair Business Practice
- 3) Respecting Human Rights & Fair Labor Practices
- 4) Responsibility towards Consumers
- 5) Social & Community Development
- 6) Environment Conservation
- 7) CSR Report
- 8) Innovation & Corporate Social Responsibility

## **Guidelines towards running business with sustainability**

PACE's objective is to grow its business on the basis of sustainability, balancing 3 key components: profit, people in the community, and the planet. In other words, the Company's profit seeking will avoid any activity that negatively affects the society and the environment, and will seek to put in place measures to protect, restore, and reciprocate to the society.

Amidst a fiercely competitive environment nowadays, entrepreneurs may focus mainly on short-term returns. In so doing, they unintentionally expose themselves to business vulnerability should crises occur to some aspects of the business at some point in time. The concept of sustainability is thus adopted in modern businesses to help entrepreneurs grow and preserve their profitability in the long run. At the heart of this eminent concept lies its

main principle stating that business should entail not only monetary and economic value, but also the externalities it posts to the society and environment in which it operates. As it is known that real estate development projects, especially the big ones, involve a high chance of direct externalities towards the surrounding society and environment, the Company therefore initiates 2 guidelines in promoting business sustainability as in the following:

### **1. In-process social and environment responsibility**

The Company realized that, to create sustainability, it must first plant the seed of conscience internally to its people, who will then collectively extend the conscious mindsets to the outer arenas. PACE's in-process social and environment responsibility activities consist of:

#### **1.1 Anti-corruption activities**

The Company establishes clear expectations on its business conducts and personal conducts of its directors, executives and employees, including the expectation towards anti-corruption in the organization and to third-party entities (external entities). It put this expectation into the Company's business ethics, which is to be communicated to trading partners, contractors, and other relevant parties to ensure that all entities understand the Company's standards. This is also done to show the Company's strong preference for anti-corruption framework, since it is the cornerstone of business fairness and effectiveness, which are the heart and soul of the Company's sustainable growth. PACE's anti-corruption activities are:

#### **- Anti-corruption measure against internal entities**

The Company's directors, executives, and employees must incorporate good governance in all of their conducts in their daily working life. This is to be continually and collectively done until this concept is ingrained into the Company's culture. All workers must abstain from corrupted activities, adhere to the law of fairness, treat every stakeholders with no prejudices, place the organization's benefit above personal benefits, conduct themselves in a just, transparent, and accountable manner, and accept the penalties should anyone is proved to have participated in a corrupted activity. The Company is open to suggestions of anti-corruption measures from its directors, executives, and employees to make sure that the measures are proper, suitable for the Company's standards of business conduct and the dynamic of the business environment, and satisfied with the international practices. The Company also encourages unit heads in every level to educate their subordinates about anti-corruption measures and make sure that all workers participate in the anti-corruption trainings required by the Company.

**- Anti-corruption measure against corruption to third parties (external entities)**

The Company will follow the protocol to penalize, without exceptions, its directors, executives and/or its employees, if any of them is proved to have participated in the corrupted activities towards external entities in any fashion, possibly destroying the reputation and the good image of the Company. If any action that violates the laws or the regulations of governmental bodies is proved to have occurred, the Company will notify the incidence to public authorities.

In addition, the Company has put in place whistle-blower and informant protection mechanisms to ensure fair treatment to all of the Company's stakeholders. Complaints or suggestions of an action that is at a risk of corruption, unfair treatment, or reckless action can be informed directly to PACE's CEO Office or submitted via mails at:

## CEO OFFICE

### Pace Development Corporation PLC

**87/2 CRC Tower, All Seasons Place, 45<sup>th</sup> Floor, Lumpini, Pathumwan, Bangkok 10330 Thailand**

The Company will conduct a thorough investigation and record the findings in writing without disclosing the name of the informant. The information on complaints will also be classified to protect the informants from possible negative effects.

### 1.2 Personnel Development

1.2.1 PACE encourages and creates the Company's core values (PACE Values), which are to be instilled to the workers' mindset the desired cultures and values, according to "PACE SPIRIT" which are shown below:

P A C E consists of

P – PASSION for Design Excellence: a passion to create excellence design

A – Accountability: a recognition of own responsibility over one's job

C – Collaboration: an act of genuine cooperation with colleagues, trading partners, and other stakeholders

E – Ethics: a strong mindset of morals, work ethics, and anti-corruption

#### **S P I R I T consists of**

S – Sustainability: Recognition to prioritize corporate sustainability in every job

P – Public Concern: Recognition to prioritize social and community benefits

I – Innovation: an introduction of innovation that benefits society, community, and the environment

R – Result-oriented: a mindset that focuses on finding results which impressively matches customers' expectation

I – Inspiration: an ability to inspire others to develop, improve, and present real estate projects in an innovative fashion

T – Trust and Transparency: a quality of being reliable and transparent in every transaction

1.2.2 The Company arranges to have appropriate and healthy working environment and promote work-life balance among employees. It also organizes several internal bond-building events covering all groups of workers from executive-level to entry-level workers. It also encourages workers of every level to participate in the Company's CSR activities. In addition, it respects the rights of all individuals equally, regardless of the persons' nationality, race, and religion, with the hope that all of the workers would create values to match the Company's expectation.

1.2.3 The Company initiates many projects with the common aim to infuse the CSR mentality to its employees' minds so that the employees will develop strong bonds with the communities, are aware of the significance of CSR, and automatically consolidate this principle into their daily working life. In practice, the Company demands that all the employees devote as least 12 hours per year to CSR activities, which are categorized into mandatory and voluntary activities as the following:

**Mandatory activities** consist of 1) Training on Business Ethics (2 hours), a training session to educate workers of the relevant guidelines and cautions in doing real estate business, 2) The 112 Young Plants of MahaSamutr (4 hours), an outdoor activity to plant 112 young trees in the area of MahaSamutr Project site at Prachuap Khiri Khan Province, and 3) PACE CSR Day Activity (3 hours), an activity that encourages team-building and bond-strengthening through sports and recreational events

**Voluntary activities** consist of Blood-donation event, Reading-to-the-blind event, Home-building-for-the-poor event, Build-the-Buddha event, activities at PACE Learning Center for Underprivileged Children, and food provision to orphans and children with congenital disabilities, etc.

1.2.4 Trainings on the scope of CSR work, according to the rules set forth by the Securities and Exchange Commission Thailand:

- Trainings and Workshops on Business Ethics to promote correct understanding and best practices in Good Governance, Fair Business Treatment, and Anti-Corruption

- Training on Human Rights to encourage workers to be aware of and to respect the rights of others, as well as to know the labor rights specified in the Labor Laws

### 1.3 Responsible construction

1.3.1 PACE especially gives its priority to the communities surrounding its projects, since they are the ones directly affected by its business maneuvers. Aside from doing insurance covering construction hazards, the Company also arranges to have special teams to regularly visit neighboring communities to survey any possible effects. The teams are responsible for communicating with communities and government entities to create mutual understandings between the Company and the effected locals. In addition, the Company also put in place measures to prevent falling material from hurting commuters, reduce construction noise, reduce construction dust, decrease construction vibration, and clean the construction sites and the surrounding areas constantly.

1.3.2 All of the Company's projects follow the rules set forth by the Ministry of Natural Resources and Environment (MNRE). Moreover, to prepare for the Environmental Impact Assessment report (EIA report), PACE also encourages its contractors and construction workers to segregate garbage in the sites into 3 categories: food, papers, and glasses. It also places the garbage labels in three languages.

1.3.3 The Company highly values safety, security, health and environment, as they are quintessential to the development of the business. Indeed, PACE's ultimate goal is to be able to complete its projects without any negative effects on its employees, properties, contractors, the general public, and the environment. It encourages its employees to be mutually responsible for this goal both in the office and, especially, in the sites. To reduce casualties and damages to the lowest level, the Company implements a strict safety standard to reduce the chance of accidents. It also arranges to have well-organized and safe homes for construction workers and their families.

### 1.4 Responsible product, material, and raw material procurement

1.4.1 The Company emphasizes on procuring world-standard products, materials, and raw materials that match customers' expectation. Aside from using quality products, the Company mainly purchases from suppliers with high standards and emphasis on social responsibility and environment conservation.

1.4.2 The Company tries to purchase office supplies that are eco-friendly. For example, it purchases printing paper that is made from 40% eco-fiber. It also encourages workers to save electricity, reduce paper printing, and use more recycled paper in everyday work.

## 2. After-process, social and environment responsibility

The Company determines guidelines of after-process social and environment responsibility activities, most of which involve collaboration with government entities and communities surrounding the sites. The rest are internal

collaborative efforts. The activities are initiated with the purpose to extend the CSR mindset to the furthest and are designed to be continually carried out for the long-term effects. The activities include:

2.1 Increase of the green areas and the scenery in urban communities surrounding the Company's sites to revitalize the areas and the communities. In so doing, the Company tries to engage local dwellers in the effort to build relationships and generate mutual collaboration to develop communities around the project sites sustainably. In addition, PACE joined governmental entities, such as Bangkok Metropolitan Administration, to decorate public yards and to improve the scenery of traffic junctions in the adjacent areas of the project sites, etc. This is done to increase green spaces in the public areas in a hope to lever the standard of living for city dwellers.

### 2.2 Activities and/or projects to encourage sharing

#### 2.2.1 Blood donation with Thai Red Cross

The Company has a policy to co-arrange blood donation events with Thai Red Cross every year to encourage employees and tenants to "give back" to the society

#### 2.2.2 The used computer for children project

The Company has a policy to donate used computers that are well-functioning and in good condition to children in needs every year.

#### 2.2.3 Activities to preserve Bhuddism

The Company has a policy to preserve Bhuddism, Thailand's national religion, by arranging ceremony for employees to make merits and provide food for monks on every 2nd Thursday of the month. It also has a continued plan for several activities, such as Bhadda building, Kathin ceremony, and fund raising for temples in rural areas.

#### 2.2.4 Donation through foundations and charities

The Company regularly participates in several donations to help underprivileged people both in monetary and real forms. The donation is done via many foundations and charities.

## Past CSR Activities

The Company has been conducting CSR activities before being listed in the Stock Exchange of Thailand (SET) with initial emphasis on supporting the education and the development of underprivileged children. Starting in 2010, the Company's first CSR activity was a collaboration between PACE and Melissa Cosgrove Children's Foundation to hold the Dean & DeLuca Christmas Giving Tree Event, and the lighting of the tree at the Dean and DeLuca Café at MahaNakhon Pavilion to support the foundation.





The following year, 2011, was the year of the big flood. Several areas in Bangkok and peripheral areas were badly hit by the inundation. The Company responded by donating two (finished) prototypic boats, each with a value of 150,000, to Ruamkatanyu Foundation on November 11th, 2011 to help the effected people.



In 2012, the Company's high-level executives and employees made a joint effort to preserve the traditions of Bhuddism by participating in the gable apex elevation and Krathin ceremony, in which 2555 krathins were raised, and the organizing of lunch meals for monks at Khanon-Ngam Temple, Wang-Chaplu Sub-district, Khanu-Woralukburi District, Kamphaengphet Province on November 10th-11th, 2012. Moreover, MahaNakhon Project, on behalf of the Company, also co-hosted the Help Elevate Art of Bangkok Ceremony with Dean and Deluca and Nine Face International Co.,Ltd, a collaboration of 9 artists, including Khoon Titanium, Bobby Robert Pulpipat, Nitra Kitiyakorn Na Ayudhaya, and Teerapat Posakrishna, to help support artwork in Bangkok and promote talented, new-blooded artists.



The year 2013 was the first year of the Company being listed in SET, it was, therefore, especially determined to grow its business with a solidified mindset of social and environment responsibility. In May 2013, PACE donated 5 million baht to build PACE Learning Center at the Beaumont Partnership Foundation, Ruampattana School, Chaiyaphum Province, to be a learning resource and library for underprivileged children. After the construction was finished, PACE's executives and employees also helped arrange the books in the library by hands.



In July 2013, the Company administered the grand opening of MahaSamutr Project at Grand Hyatt Erawan Hotel. Together with the ceremony, PACE donated to Chaipattana Foundation the revenue from the sale of membership of Hua Hin Country Club of 8,750,000 baht. Later, the Company gave donation of 200,000 baht to Thairath Foundation and 100,000 baht to Sang-Saigee Hetragul Foundation. In October 2013, the Company participated in the fund-raising ceremony for children with palatoschisis by donating prizes to Operation Smile Project held at Dusit Thani Hotel. Since then, the Company has been continuing their CSR events. In October, Mr. Pornson Patanasin, Chief Operating Officer (COO), welcomed students from Interior Design Department, Rajamangala University of Technology Thanyaburi and gave them on-the-site lecture on MahaNakhon Project to give inspiration in interior designing to the students. The students were given a great amount of knowledge and were especially interested in the project's interior design and decoration. In addition, in December, PACE also donated 12 good-conditioned, used computers to the Beaumont Partnership Foundation, Ruampattana School, Chaiyapum Province to be used as educational materials in PACE Learning Center for Underprivileged Children.







To maximize the benefits of its CSR activities to the society, communities, and environment, the Company made a long-term plan to incorporate the concept of CSR into its daily business maneuvers in order to create a growth plan that is truly based on sustainability. In its initial step, the Company's CSR Department formulated an internal survey to assess the employees' knowledge and attitude towards CSR. It also organized an open talk to encourage employees' to give viewpoints and suggestions of CSR activities with the main purpose to make the Company's executives and workers bond with the activities, as they are internally and collectively originated.

Moreover, the Company attempted to educate its workers on important aspects of Corporate Governance by offering regular training programs at the Corporate Social Responsibility Institute. Such programs are, for example, Managing Social Responsibility for Sustainable Development, Stakeholder Engagement Workshop,

Workplace Quality & Human Rights Workshop, and Effective CSR Communication Workshop. This is done to give employees opportunities to exchange knowledge and guidelines in CSR best practices with other SET-listed companies with the Company's hope to be able to create tangible and measurable SCR activities that optimally and continually reciprocate to the society, communities, and environment. The Company's CSR activities are communicated with public through several effective channels, such as the popular social media network, Facebook, under the name "PACE CSR".



# RELATED PARTY TRANSACTIONS

Persons that may have conflicts of interest and nature of relationships as of December 31, 2013 are shown below:

Legal Persons That may have Conflicts of Interest (Persons)	Abbreviation	Nature of Business	Nature of Relationship
Dean and Deluca (Thailand) Co., Ltd.	DEAN	Restaurant	Mr. Sorapoj Techakraisri holds 100% of its shares.
Fourteen Points Co., Ltd.	FP	Restaurant	Mr. Sorapoj Techakraisri holds 100% of its shares.
PACE Development Co., Ltd.	PACED	Project management services	Mr. Sorapoj Techakraisri and Mr. Chotipol Techakraisri hold 50% and 50% of its shares, respectively.
Fierce Publishing Co., Ltd.	FIERCE	Publish advertisements on newspapers, journals, and magazines	Mr. Sorapoj Techakraisri holds 88.6% of its shares.
Fourteen Points Holding Co., Ltd.	FPH	Holding company	Mr. Sorapoj Techakraisri holds 100% of its shares.
Lumpini Property Management Co., Ltd.	LUMPINI	Buy, procure, rent, rent out, lease out, and manage real estate properties	Mrs. Yupa Techakraisri, mother of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri and Mr. Chumpol Techakraisri, is the company's director.
Dynasty Apparel Co., Ltd.	DYNASTY	Manufacture garments	Mr. Theera Vayakornvichitre is the company's director.

Legal Persons That may have Conflicts of Interest (Persons)	Nature of Relationship
Mr. Sorapoj Techakraisri	The Company's authorized director and major shareholders, holding 53% of the Company's shares
Mr. Chotipol Techakraisri	The Company's authorized director and shareholder, holding 1.2% of the Company's shares, and older brother of Mr. Sorapoj Techakraisri.
Mr. Sumate Techakraisri	The Company's shareholder, holding 0.5% of the Company's shares, and father of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri
Mr. Chumpol Techakraisri	The Company's authorized director and shareholder, holding 0.5% of the Company's shares, and younger brother of Mr. Sorapoj Techakraisri.
Mr. Theera Vayakornvichitre	The Company's director
Mr. Worrawat Maleenont	The Company's minority shareholders and former shareholder of the Company's subsidiary (YLP)
Miss Wallipa Maleenont	Older sister of Mr. Worrawat Maleenont
Mr. Kriangkrai Vijitratthanakij	The Company's minority shareholders and former shareholder of the Company's subsidiary (YLP)
Mrs. Pim Wannaprapa	The Company's minority shareholders and former shareholder of the Company's subsidiary (YLP)
Mr. Sipoom Nakchatri	The Company's minority shareholders and former shareholder of the Company's subsidiary (YLP)
Mr. Apichart Kasemkulsiri	The Company's shareholder, holding 4.4% of the Company's shares

In 2012 and 2013, the Company engaged in transactions with the persons who may have conflicts of interest; however, such transactions did not result in conflicts of interest. Such transactions are as follows:

## (1) Sales of Products and Services

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Conditions	Audit Committee's Opinions
			In the year ending on December 31, 2012 (Million Baht)	In the year ending on December 31, 2013 (Million Baht)		
PACE Two	DEAN	Income from equipment, furniture, and space rentals			<ul style="list-style-type: none"> <li>On Jan 18<sup>th</sup>, 2012, the Company's Board of Directors and Audit Committee agreed to terminate Service Agreement between PACE Two and DEAN in which the rental rate was determined to be 10,000.0 baht/month, resulting in such agreement being ended in January 2012. The two counterparties entered into a new Service Agreement dated Jan 25<sup>th</sup>, 2012, in which the rental rate was determined to be 104,500.0 baht/month (510 baht/sq.m./month). Such Service Agreement was effective from Feb 1<sup>st</sup>– Aug 15<sup>th</sup>, 2012</li> <li>On Aug 28<sup>th</sup>, 2012, the service agreement was further extended by 1 year, resulting in such agreement being ended on Aug 15<sup>th</sup>, 2013. After that, PACE Two will continue to rent out the space to DEAN at the same rate without further extension of the agreement, as DEAN will relocate to Cube Building, which belongs to PACE Three, at the beginning of 2013</li> </ul>	<ul style="list-style-type: none"> <li>According to the appraisal report prepared by Sims Property Consultant Co., Ltd., an SEC-approved independent appraiser, such property should yield market rental rate of 82,000 baht/month</li> <li>Audit Committee agreed to terminate the previous Service Agreement and enter into a new Service Agreement, in which the rent would be adjusted to be consistent with updated market prices</li> </ul>
		Beginning balance	0.8	0.7		
		Income from equipment and furniture rentals during the period	0.4	0.4		
		Income from space rentals	1.1	1.3		
		Payment during the period	(1.6)	(1.7)		
		Ending balance	0.7	0.7		



## (2) Purchase of Products and Services

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Conditions	Audit Committee's Opinions
			In the year ending on December 31, 2012 (Million Baht)	In the year ending on December 31, 2013 (Million Baht)		
PACE Three	DEAN	Income from space rentals and services			<ul style="list-style-type: none"> <li>DEAN entered into a Rental and Service Agreement dated Oct 10th, 2013 with PACE Three for the rent of space in Cube Building with the total rental space of 770.20 sq.m. for 3 years. Monthly rental and service rates for each year are defined as: Year 1: 587,840.00 baht/month Year 2: 689,210.00 baht/month Year 3: 891,950.00 baht/month Such agreement is effective from Nov 15<sup>th</sup>, 2013 to Feb 14th, 2016</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction is considered a trading transaction with normal conditions and has passed the review of Audit Committee</li> </ul>
		Beginning balance	-	-		
		Increase in income from space rentals and service during the period	-	2.0		
		Payment during the period	-	-		
		Ending balance	-	2.0		
PACE Three	FP	Income from space rentals and services			<ul style="list-style-type: none"> <li>PF entered into a Rental and Service Agreement dated Dec 1, 2013 with PACE Three for the rent of space in Cube Building with the total rental space of 531.29 sq.m. for 3 years. Monthly rental and service rates for each year are defined as: Year 1: 291,217.50 baht/month Year 2: 331,297.50 baht/month Year 3: 411,457.50 baht/month Such agreement is effective from Dec 1<sup>st</sup>, 2013 to Nov 30<sup>th</sup>, 2016</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction is considered a trading transaction with normal conditions and has passed the review of Audit Committee</li> </ul>
		Beginning balance	-	-		
		Increase in income from space rentals and service during the period	-	0.6		
		Payment during the period	-	-		
		Ending balance	-	0.6		

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Conditions	Audit Committee's Opinions
			In the year ending on December 31, 2012 (Million Baht)	In the year ending on December 31, 2013 (Million Baht)		
DEAN	PACE One, PACE Two, and PACE Three	Entertainment expenses and Marketing expenses			• Compensation paid equals to the compensation that DEAN would get from providing services to other persons	• Such transaction is considered a trading transaction with normal conditions
		Beginning balance	-	0.1		
		Entertainment expenses incurred in the period (including VAT recorded as expenses)	0.6	1.1		
		Marketing expenses during the period (including VAT recorded as expenses)	0.3	0.1		
		Payment during the period	(0.8)	(1.3)		
		Ending balance	0.1	-		
DEAN	The Company	Selling and Administrative expenses			• During 2012, the Company bought beverage and food gift baskets from DEAN	• Such transaction is considered a trading transaction with normal conditions
		Beginning balance	-	0.1		
		Expenses incurred during the period	0.2	0.3		
		VAT	0.0	-		
		Payment during the period	(0.1)	(0.4)		
		Ending balance	0.1	-		
DEAN	YLP	Selling and Administrative expenses			• During 2012, YLP bought beverage and food gift baskets from DEAN • During 2013, YLP bought products from DEAN and recorded as miscellaneous expenses	• Such transaction is considered a trading transaction with normal conditions
		Beginning balance	-	-		
		Expenses incurred during the period	0.3	0.01		
		Payment during the period	(0.3)	(0.01)		
		Ending balance	-	-		

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Conditions	Audit Committee's Opinions
			In the year ending on December 31, 2012 (Million Baht)	In the year ending on December 31, 2013 (Million Baht)		
FIERCE	YLP	Selling, General, and Administrative Expenses (SG&A)			<ul style="list-style-type: none"> <li>In 2012, YLP bought advertisement space to advertise its Saladaeng Residences Project in 2 Magazine, August 2012 edition, for 2 pages</li> </ul>	<ul style="list-style-type: none"> <li>The pricing of such transaction was calculated based on market price</li> </ul>
		Beginning balance	-	-		
		Expenses incurred in the period	0.1	-		
		(including VAT recorded as expenses)	(0.1)	-		
		Payment during the period	-	-		
LUMPINI	PACE Two	Selling, General, and Administrative Expenses (SG&A)			<ul style="list-style-type: none"> <li>On Jan 5<sup>th</sup>, 2011, PACE Two hired LUMPINI to provide maintenance services for its sales offices and mock-up rooms with a 1-year contract term, starting from Jan 5<sup>th</sup>, 2011 to Jan 4<sup>th</sup>, 2012, and service fee of 42,800 baht/month (price including VAT)</li> <li>On Jan 5<sup>th</sup>, 2012, the company extended the contract for 1 year, resulting in the contract being valid from Jan 5<sup>th</sup>, 2012 to Jan 5<sup>th</sup>, 2013, with the previous service fee.</li> <li>On Jan 5<sup>th</sup>, 2013, the company extended the contract for 1 year, resulting in the contract being valid from Jan 5<sup>th</sup>, 2013 to Jan 5<sup>th</sup>, 2014, with the previous service fee.</li> </ul>	<ul style="list-style-type: none"> <li>Such expenses were calculated based on market price and passed the review of Audit Committee</li> <li>Note: After the contract ends, PACE Two does not plan to extend the contract, yet it will continue to use LUMPINI's cleaning service and will pay relevant service fee to LUMPINI each time it provides such services at market prices. It will also compare such fees with other service providers every time.</li> </ul>
		Beginning balance	0.1	0.1		
		Expenses incurred in the period				
		(including VAT recorded as expenses)	0.5	0.5		
		Payment during the period	(0.5)	(0.5)		
		Ending balance	0.1	0.1		

### (3) Advanced payment

Payee	Payer	Type of Transaction	Outstanding as of December 31, 2011 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31, 2012 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31, 2013 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
YLP	Mr. Apichart Kasemkulsiri	Advanced payment from customers	9.5	-	-	9.5	-	-	9.5	On Dec 18 <sup>th</sup> , 2008, the Company sold 1 residential unit to Mr. Apichart Kasemkulsiri for 38.1 MB. According to the sales contract, 25% of the sale price is made at sales and 75% on ownership transfer date.	Such transaction occurred in the past with a then-current market price. The Company expects the ownership transfer to be completed in 2014
YLP	Mr. Theera Vayakornvichitre	Advanced payment from customers	6.4	-	-	6.4	-	(6.4)	-	On Dec 6 <sup>th</sup> , 2008, the Company sold 1 residential unit to Mr. Theera Vayakornvichitre for 25.4 MB. According to the sales contract, 25% of the sale price is made at sales and 75% on ownership transfer date.  On Nov 9 <sup>th</sup> , 2013, Mr Theera Vayakornvichitre transferred the right to purchase such residential unit to other person, and the ownership transfer occurred on Nov 28 <sup>th</sup> , 2013	Such transaction occurred in the past with a then-current market price. The ownership of such residential unit was transferred in 2013



Payee	Payer	Type of Transaction	Outstanding as of December 31, 2011 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31, 2012 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31, 2013 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
The Company	Dynasty Apparel Co., Ltd.	Advanced payment from customers	-	-	-	-	0.3	-	0.3	On Jun 28 <sup>th</sup> , 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Theera Vayakornvichitre	Such transaction is a normal business transaction with a then-current market sales price
The Company	Mr. Sumate Techakraisri	Advanced payment from customers	-	-	-	-	0.3	-	0.3	On Jul 9 <sup>th</sup> , 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Sumate Techakraisri	Such transaction is a normal business transaction with a then-current market sales price
The Company	Mr. Chumpol Techakraisri	Advanced payment from customers	-	-	-	-	0.3	-	0.3	On Jun 28 <sup>th</sup> , 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Chumpol Techakraisri	Such transaction is a normal business transaction with a then-current market sales price

#### (4) Loans and Interest Expenses

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31, 2011 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2013 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
PRE, PACE One, PACE Two, and PACE Three	Mr. Sorapoj Techakraisri	Loans Accrued Interest Payable	- 386.3	- -	- -	- 386.3	- -	- -	- 386.3	<ul style="list-style-type: none"> <li>Important details of the loan are:</li> <li>- Interest rates of 14% and 15% per annum</li> <li>- Interest payable longer than 1 year will incur interest upon interest</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- On Aug 11th, 2011, the loan outstanding was reduced by 906.3 MB. as a result of the transfer of the loan from Mr. Sorapoj Techakraisri (Lender) to the Company</li> <li>- Such transfer resulted in the cessation of accruing interest payable of more than 1 year on the amount equal to such transferred amount, starting from the transfer date</li> <li>- The lender will transfer assignment of interest to the assignee after 60 days since the borrower receives Form Or.6 from government authority</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> </ul>

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31, 2011 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2013 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
PACE One, PACE Two, and PACE Three	FPH	Loans Accrued Interest Payable	- 76.9	- -	- -	- 76.9	- -	- -	- 76.9	<ul style="list-style-type: none"> <li>Important details of the loan are: <ul style="list-style-type: none"> <li>- Interest rate of 14% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> </ul> </li> <li>On Aug 11th, 2011, the loan outstanding was reduced by 157.9 MB. as a result of the transfer of FPH's loan to the Company</li> <li>The lender will transfer assignment of interest to the assignee after 60 days since the borrower receives Form Or.6 from government authority</li> </ul>	Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity
YLP	Mr. Sorapoj Techakraisri	Loans Accrued Interest Payable	54.0 8.1	- 3.7	(54.0) (11.8)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>Important details of the loan are: <ul style="list-style-type: none"> <li>- Interest rate of 8% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- Principal and interest were paid off in 2012</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> <li>Transaction occurring during the period were approved by the Board of Directors and agreed by Audit Committee</li> </ul>

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31, 2011 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2013 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
YLP	Mr. Chotipol Techakraisri	Loans Accrued Interest Payable	84.5 18.9	- 3.6	(84.5) (22.6)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>• Important details of the loan are:</li> <li>- Interest rate of 8% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- Principal and interest were paid off in 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> <li>• Transaction occurring during the period were approved by the Board of Directors and agreed by Audit Committee</li> </ul>
YLP	Mr. Sumate Techakraisri	Loans Accrued Interest Payable	39.0 13.9	- 1.7	(39.0) (15.6)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>• Important details of the loan are:</li> <li>- Interest rate of 8% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- Principal and interest were paid off in 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> <li>• Transaction occurring during the period were approved by the Board of Directors and agreed by Audit Committee</li> </ul>

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31, 2011 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2013 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
YLP	Mr. Worrawat Maleenont	Loans Accrued Interest Payable	30.0 9.6	- 0.9	(30.0) (10.5)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>• Important details of the loan are:</li> <li>- Interest rate of 8% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- Principal and interest were paid off in 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> <li>• Transaction occurring during the period were approved by the Board of Directors and agreed by Audit Committee</li> </ul>
YLP	Mr. Kriangkrai Vijitrattanakij	Loan repayment Accrued Interest Payable	17.2 5.4	- 0.5	(17.2) (5.9)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>• Important details of the loan are:</li> <li>- Interest rate of 8% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- Principal and interest were paid off in 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> <li>• Transaction occurring during the period were approved by the Board of Directors and agreed by Audit Committee</li> </ul>



Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31, 2011 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2013 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
YLP	Mrs. Pim Wannaprapa	Loans Accrued Interest Payable	12.8 3.7	- 0.4	(12.8) (4.1)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>• Important details of the loan are:</li> <li>- Interest rate of 8% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- Principal and interest were paid off in 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> <li>• Transaction occurring during the period were approved by the Board of Directors and agreed by Audit Committee</li> </ul>
YLP	Mr. Sipoom Nakchatri	Loans Accrued Interest Payable	8.6 3.1	- 0.3	(8.6) (3.4)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>• Important details of the loan are:</li> <li>- Interest rate of 8% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- Principal and interest were paid off in 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> <li>• Transaction occurring during the period were approved by the Board of Directors and agreed by Audit Committee</li> </ul>

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31, 2011 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31, 2013 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
YLP	Mr. Chumpol Techakraisri	Loans Accrued Interest Payable	10.0 0.0	10.0 1.0	(20.0) (1.0)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>Important details of the loan are:</li> <li>- Interest rate of 8% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</li> <li>- Principal and interest were paid off in 2012</li> </ul>	<ul style="list-style-type: none"> <li>Transactions occurring during the period were approved by the Board of Directors and agreed by Audit Committee</li> </ul>
The Company	Mr. Sorapoj Techakraisri	Loan Accrued Interest Payable	- -	505.8 26.4	- -	505.8 26.4	27 18.1	532.8 44.5	- -	<ul style="list-style-type: none"> <li>Important details of the loan are:</li> <li>- Interest rate of 7.075% – 7.275% per annum</li> <li>- 1<sup>st</sup> repayment started when the Company received the funds from its IPO</li> <li>- No collateral</li> <li>- On Aug 1, 2013, the Company completed its IPO and used the proceeds to pay interest and payoff the loan</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity</li> </ul>

## (5) Guarantees and Collateral Securities provided to Financial Institutions (as of December 31, 2013)

The Company, and its subsidiaries, entered into credit facilities agreements with financial institutions whereby the Company's directors and related parties provided guarantee to the loans. Guarantors did not ask for guarantee fees from the Company and its subsidiaries for such transaction. The transaction is as follows:

Guarantors	Receiver of the Loans from FIs	Lenders	Loan limit (Million Baht)	Loan Outstanding (Million Baht)	Details of Guarantee/Collateral Securities	Audit Committee's Opinion
Mr. Sorapoj Techakraisri and Mr. Sumate Techakrisri	The Company	Siam City Bank Public Company Limited (after merging with Thanachart Bank Public Company Limited changed the name to Thanachart Bank Public Company Limited)	80.0	-	<ul style="list-style-type: none"> <li>The Company entered into the Credit Facility Agreement with Thanachart Bank PCL. (previously known as Siam City Bank PCL.) on Dec 28<sup>th</sup>, 2006, 1<sup>st</sup> Amendment to the Credit Facility Agreement on Jul 10<sup>th</sup>, 2007, and 2<sup>nd</sup> Amendment to the Credit Facility Agreement on Sep 3<sup>rd</sup>, 2010 to have an overdraft facility of 20.0 MB. and a revolving facility (P/N facility) of 60.0 MB., with the purpose to finance the Company's working capital. Such facilities were collateralized by 23 residential units of Ficus Lane Project, with total area of 1,277.3 sq.m., and guaranteed by the Company's shareholder and director, Mr. Sumate Techakrisri and Mr. Sorapoj Techakraisri</li> <li>The Company paid off the loan and the collateral on 20/3 residential units was released on Aug 5<sup>th</sup>, 2013</li> </ul>	<ul style="list-style-type: none"> <li>The transaction occurred in the past and was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.</li> </ul>

# MANAGEMENT DISCUSSION AND ANALYSIS

## The following is the overall business operation and significant changes during the year:

In 2013, there are many significant changes that occurred with the Company, such as the shares being listed in the Stock Exchange of Thailand in July 2013. The Company also acquired shares and shareholder's loans of subsidiaries, causing the Company's total assets, liabilities and shareholders' equity to increase significantly. The Company is currently working on two large property development projects, Mahanakhon and Mahasamutr Hua Hin projects, and plans to launch another luxurious residential condominium project in 2014.

Operation for the year ended 31 December 2013, the Company recorded sales revenue from sales of condominium units and furniture from Saladaeng Residences and Ficus Lane of Baht 287.4 million and other revenue of Baht 57.7 million, making total revenue of Baht 345.1 million. The Company also recorded net losses of Baht 841.0 million during the year, which implied negative net margin of 243.7%. Such Baht 841 million losses can be classified into Baht 795.4 million losses attributed to owners of the parent and Baht 45.6 million from non-controlling interests. The losses are mainly contributed to extraordinary item "loss on derecognition of discount on business combinations under common control" according to the accounting standard, 3rd edition. After acquiring shares and shareholder's loans of the subsidiaries to increase shares in subsidiary from 50% to approximately 68%, the Company recognized the losses from recognition of discount on business combinations under common control from subsidiary worth Baht 584.1 million. However, such negative was recorded in the shareholders' equity since 2011 but was just recorded in the income statement during 2013, so such extraordinary item was not from normal business operation and does not affect shareholders' equity.

In 2012, the Company recorded sales revenue from sales of condominium units and furniture from Saladaeng Residences and Ficus Lane of Baht 938.9 million and other revenue of Baht 150.0 million, making total revenue of Baht 1,088.9 million. The Company recorded net profits of Baht 41.6 million during 2012, which implied net margin of 3.8%.

Details and progress of the Company's residential projects as of 31 December 2013 are as follows:

Project	Operated by	Project value	Total units	Sales recognized			Construction progress	Start of transfer
				Rooms	Btm	%		
Ficus Lane	Company	910.0	70	67	832.9	91.5	100	2549
Saladaeng Residences	YLP	2,338.0	132	127	2,200.8	94.1	100	2554
The Ritz-Carlton Residences Bangkok	Pace 2	12,000.0	200	-	-	-	19.37	2558

## Management Discussion and Analysis

Balance Sheet	The Consolidated Financial Statements			
	December 31, 2012		December 31, 2013	
	Million Baht	%	Million Baht	%
<b>Current assets</b>				
Cash and cash equivalents	134.6	3.4	1,039.3	12.1
Trade account receivables - net	0.3	0.0	13.3	0.2
Inventories	307.2	7.7	144.3	1.7
Real estate projects for sales under development	-	-	278.5	3.2
Other receivables from subsidiaries and related companies	1.5	0.0	3.3	0.0
Refundable value added tax	8.3	0.2	38.7	0.5
Other current assets	13.8	0.3	19.8	0.2
<b>Total current assets</b>	<b>465.8</b>	<b>11.7</b>	<b>1,537.3</b>	<b>17.9</b>
<b>Non-current asset</b>				
Restricted of saving deposit	61.1	1.5	-	-
Interest receivable from related companies	138.6	3.5	-	-
Long - term loan to shareholder and related companies	832.1	21.0	-	-
Advances payment for land	52.1	1.3	-	-
Real estate project for sales under development	6.3	0.2	-	-
Deferred loan agreement fee	19.2	0.5	-	-
Leasehold rights on land - net	1,052.6	26.5	2,083.8	24.3
Advances for leasehold rights on land	51.4	1.3	-	-
Advance payments for construction	128.3	3.2	231.9	2.7
Construction in progress	928.6	23.4	3,093.4	36.1
Land	-	-	579.6	6.8
Residential condominium unit and equipment for rent	26.2	0.7	-	-
Building improvement, sales gallery and equipment - net	101.7	2.6	144.0	1.7
Property for lease - net	-	-	141.8	1.7
Goodwill - net	-	-	501.8	5.9
Deferred income tax assets	106.6	2.7	259.6	3.0
Other non-current assets	1.3	0.0	3.3	0.0
<b>Total non-current asset</b>	<b>3,506.0</b>	<b>88.3</b>	<b>7,039.3</b>	<b>82.1</b>
<b>Total Assets</b>	<b>3,971.8</b>	<b>100.0</b>	<b>8,576.6</b>	<b>100.0</b>



Balance Sheet	The Consolidated Financial Statements			
	December 31, 2012		December 31, 2013	
	Million Baht	%	Million Baht	%
<b>Other current liabilities</b>				
Bank overdraft and short-term loans from financial institutions	14.9	0.4	244.9	2.9
Short-term loans from other company	-	-	323.5	3.8
Trade account payables	89.7	2.3	201.7	2.4
Other payables to related companies	0.4	0.0	0.6	0.0
Other account payables	4.7	0.1	2.6	0.0
Current portion of long - term loan from financial institution	34.4	0.9	-	-
Current portion of liability under finance lease contracts	1.1	0.0	1.8	0.0
Advances received from customers	67.9	1.7	58.8	0.7
Loans from shareholders and accrued interest	532.2	13.4	-	-
Income tax payable	39.9	1.0	3.3	0.0
Retention payables to contractors	8.7	0.2	20.7	0.2
Accrued expenses	19.2	0.5	12.0	0.1
Accrued construction costs	47.1	1.2	29.4	0.3
Other current liabilities	3.9	0.1	12.8	0.1
<b>Total current liabilities</b>	<b>864.2</b>	<b>21.8</b>	<b>912.1</b>	<b>10.6</b>
<b>Non-current liabilities</b>				
Deposits received from customers	368.3	9.3	1,471.3	17.2
Retention payable to contractor	-	-	19.2	0.2
Provision for loss on litigation case	9.5	0.2	9.6	0.1
Long-term loans and accrued interest from shareholders	1,488.6	37.5	2,320.8	27.1
Long-term loans from financial institutions - net	340.9	8.6	1,685.5	19.7
Liabilities under finance lease contracts - net of current portion	5.1	0.1	7.6	0.1
Provision for employee retirement benefit	1.9	0.0	2.6	0.0
<b>Total non-current liabilities</b>	<b>2,214.4</b>	<b>55.8</b>	<b>5,516.7</b>	<b>64.3</b>
<b>Total liabilities</b>	<b>3,078.5</b>	<b>77.5</b>	<b>6,428.8</b>	<b>75.0</b>

Balance Sheet	The Consolidated Financial Statements			
	December 31, 2012		December 31, 2013	
	Million Baht	%	Million Baht	%
<b>Shareholders' equity</b>				
Share capital	1,454.3	36.6	2,054.3	24.0
Premium (discount) on share capital	-	-	1,431.1	16.7
Surplus on swap of investment in subsidiary under common control	(753.8)	(19.0)	(61.4)	(0.7)
Legal reserve	-	-	-	-
Retained Earnings(Deficit)	7.0	0.2	15.6	0.2
<b>Total equity attributable to equity holders of parent</b>	<b>185.8</b>	<b>4.7</b>	<b>(689.5)</b>	<b>(8.0)</b>
Non-controlling interests	893.2	22.5	2,750.1	32.1
<b>Total shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>(602.3)</b>	<b>(7.0)</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>3,971.8</b>	<b>100.0</b>	<b>8,576.6</b>	<b>100.0</b>

## Statement of Comprehensive Income (The Consolidated Financial Statements) as of 31 December, 2013

STATEMENT OF COMPREHENSIVE INCOME	The Consolidated Financial Statements			
	December 31, 2012		December 31, 2013	
	Million Baht	%	Million Baht	%
Revenue from sale residential condominium units and furniture	938.9	86.2	287.4	83.3
Costs of sales residential condominium units and furniture	(656.1)	(60.2)	(188.1)	(54.5)
<b>Gross Profit</b>	<b>282.9</b>	<b>26.0</b>	<b>99.3</b>	<b>28.8</b>
Rental income and service income	1.9	0.2	3.9	1.1
Interest income	104.4	9.6	32.3	9.3
Management fee income	30.0	2.8	15.0	4.3
Other income	13.2	1.2	6.6	1.9
Selling expenses	(65.7)	(6.0)	(186.6)	(54.1)
Administrative expenses	(121.9)	(11.2)	(119.0)	(34.5)
Management benefit expenses	(25.6)	(2.3)	(28.2)	(8.2)
Gain (loss) on foreign exchange - net	0.5	0.0	(0.9)	(0.3)
<b>EBIT</b>	<b>219.6</b>	<b>20.2</b>	<b>(177.7)</b>	<b>(51.5)</b>
Finance costs	(119.2)	(10.9)	(97.6)	(28.3)
<b>EBT</b>	<b>100.4</b>	<b>9.2</b>	<b>(275.3)</b>	<b>(79.8)</b>
Income Tax Income (Expense)	(58.9)	(5.4)	18.3	5.3
<b>NI before extra items</b>	<b>41.6</b>	<b>3.8</b>	<b>(257.0)</b>	<b>(74.5)</b>
Extra items ;				
Unrealized gain on revaluation of investments	(0.0)	(0.0)	-	-
Loss on derecognition of discount on business combinations under common control - net	-	-	(584.1)	(169.2)
<b>Profit (loss) for the period</b>	<b>41.6</b>	<b>3.8</b>	<b>(841.0)</b>	<b>(243.7)</b>
Total comprehensive income (loss) for the period attributable to:				
Owners of the parent	41.6	3.8	(795.4)	(230.5)
Non-controlling interests	-	-	(45.7)	(13.2)
<b>Profit (loss) for the period</b>	<b>41.6</b>	<b>3.8</b>	<b>(841.0)</b>	<b>(243.7)</b>
Total comprehensive income (loss) for the period attributable to:				
Owners of the parent	41.6	3.8	(795.4)	(230.5)
Non-controlling interests	-	-	(45.7)	(13.2)
<b>Profit (loss) for the period</b>	<b>41.6</b>	<b>3.8</b>	<b>(841.0)</b>	<b>(243.7)</b>
<b>Basic Earnings (Loss) per Share Attributable to Owners of the Parent (In Baht)</b>	<b>0.029</b>	<b>-</b>	<b>(0.387)</b>	<b>-</b>
<b>Weighted Average Number of Shares (In Million Shares)</b>	<b>1,454.3</b>	<b>-</b>	<b>2,054.3</b>	<b>-</b>

## Statement of Cash Flows (The Consolidated Financial Statements) as of 31 December, 2013

Statement of Cash Flow	December 31, 2010	December 31, 2011	December 31,2012	December 31,2013
	Million Baht	Million Baht	Million Baht	Million Baht
Net Cash Provided by (Used in) Operating Activities	(392.0)	401.3	477.3	(369.1)
Net Cash Used in Investing Activities	(0.9)	(695.4)	(472.8)	(723.2)
Net Cash Provided by (Used in) Financing Activities	394.1	522.1	(148.4)	1,993.2
Net increase (decrease) in cash and cash equivalents	1.2	228.1	(144.0)	901.0
Cash and cash equivalents at beginning of year	49.3	50.5	278.6	134.6
<b>Cash and cash equivalents at end of year</b>	<b>50.5</b>	<b>278.6</b>	<b>134.6</b>	<b>1,035.6</b>

## Revenue

## Core revenue

The Company operates a core business of developing residential condominium projects and will be able to recognize revenue only when the construction is completed and the ownership of such condominium projects has been transferred to the buyers.

In 2013, the Company has transferred ownership of nine condominium units of Saladaeng Residences project to condo buyers, valued Baht 245.1 million, which make accumulated transfers of 94.1% of the project. The Company also transfer ownership of a unit from Ficus Lane worth Baht 42.9 million, making accumulated transfer at Ficus Lane project at 91.5% of the project.

For The Ritz-Carlton Residences Bangkok residential project, which is part of Mahanakhon Project, the Company has presold 112 units with 21,999.86 sqm, which is 45.9% of the project space.

In 2013, the Company recorded sales revenue of Baht 287.4 million down 69.4% from 2012 sales revenue of Baht 287.4 million during 2012. The decline was mainly due to the Company has transfer a lot of units of the Saladaeng Residences project during 2012, but has limited no. of units left to be transferred during 2013 as most of the clients has already took the units. The Company is developing two big projects, Mahanakhon and Mahasamutr Hua Hin projects.

The Company plan to recognize the sales revenue from Mahasamutr Hua Hin and The Ritz-Carlton Residences Bangkok when the projects are completed and transferred. The Company expects those two projects to be finished and ready to be transferred from 2015 onward.

## Other income

The Company operates other related businesses, such as residential condominium leasing, interest income, management fee, foreign exchange gains, etc.

In 2013, the Company received equipment, furniture and space rental income of Baht 3.9 million from subsidiary, up 105.3% from Baht 1.9 million during 2012 as the subsidiary has transferred some space to the tenants in the Retail Cube building, which is part of Mahanakhon project, and the tenants started to decorate their stores to open in 2014.

## Costs, expenses and profits

### Costs of sales

In 2013, the Company recorded costs of sales of condo suites of Saladaeng Residences of Baht 162.9 million, which is lower than 2012 costs of sales and representing 66.5% of condo sales revenue. During 2012, the costs of sales of Saladaeng Residences project were at Baht 641.5 million, or 70.2% of condo sales revenue.

In 2013, the Company recorded costs of sales of condo suites of Ficus Lane of Baht 25.2 million, which is higher than 2012 costs of sales of the project and representing 59.6% of condo sales revenue. During 2012, the costs of sales of Ficus Lane project were at Baht 14.5 million, or 59.2% of condo sales revenue.

### Selling and administration expenses

The Company recorded selling and administration expenses (SG&A expenses) of Baht 213.2 million and Baht 333.7 million, respectively during 2012 and 2013. The 2013 SG&A expenses was up 56.5% year-on-year due to an increase in marketing expenses to support presales activities of Mahanakhon project, which is the super-luxurious The Ritz-Carlton Residences Bangkok. The Presales value was at Baht 2,424.8 million as of end-2013. The Company also launched Mahasamutr Hua Hin property project during mid 2013 as well.

In 2012, the Company incurred SG&A expenses of Baht 213.2 million, mainly comprised of marketing expenses of Baht 65.7 million, management remuneration of Baht 25.6 million, special business tax for transferring units in Saladaeng Residences and Ficus Lane of Baht 40.7 million, and other management fees of Baht 81.2 million.

In 2013, the Company incurred SG&A expenses of Baht 333.7 million, mainly comprised of marketing expenses of Baht 186.6 million, management remuneration of Baht 28.2 million, special business tax for transferring units in Saladaeng Residences of Baht 10.0 million, and other management fees of Baht 108.9 million.

### Finance costs

The Company has recorded finance cost of Baht 119.2 million and Baht 97.6 million, respectively, during 2012 and 2013. The 2013 finance costs has declined Baht 21.6 million, or 18.1% decline, from 2012 finance costs due to debt repayment for Saladaeng Residences. The Company used the proceeds from the Company share IPO to make investments, which comprised of shares and shareholder's loan of Mahanakhon project from IBC Thailand Company Limited and IDJ Holdings Company Limited.

In 2012, the Company recorded finance costs of Baht 119.2 million, 62% of which are contributed by Mahanakhon project, the Company's finance cost of 25.8%, and Saladaeng Residences of 12.1% of total finance costs.

In 2013, the Company recorded finance costs of Baht 97.6 million, 49.5% of which are contributed by Mahanakhon project, the Company's finance cost of 43.3%, and Saladaeng Residences of 7.2% of total finance costs.

### Gross profits and net profits/losses

In 2012, the Company reported gross profits of Baht 282.9 million, representing gross profit margin of 30.1% from revenue recognition of Saladaeng Residences and Ficus Lane sales. The Company reported earnings before interest and tax of Baht 219.6 million and net profits of Baht 41.6 million, representing net profit margin of 3.8%.

In 2013, the Company reported gross profits of Baht 99.3 million, representing gross profit margin of 34.5% from revenue recognition of Saladaeng Residences and Ficus Lane sales. The Company reported losses before interest and tax of Baht 177.7 million and net losses of Baht 795.4 million, representing net loss margin of 243.7%.



## Statement of Financial position

### Assets

As the Company acquired shares and shareholder's loan of subsidiaries, making the Company's total assets, liabilities and shareholders' equity increased significantly. From the statement of financial position as at 31 December 2013, the Company's total assets were at Baht 8,576.6 million, imply an increase of 115.9% from Baht 3,967 million at the end of 2012. Total liabilities were at Baht 6,428.8 million, imply an increase of 108.8% from Baht 3,078.5 million at the end of 2012. Total shareholders' equity also increased to Baht 2,750.1 million, an increase of 207.9% from Baht 893.2 million at the end of 2012.

In addition to purchasing shares and shareholder's loan from the Mahanakhon project, the Company has acquired land to develop Mahasamutr Hua Hin project with project value of Baht 3,280 million (excluding Country Club). An increase in assets was attributed to an increase in assets under development of Baht 278.5 million. Land (of Mahanakhon and Mahasamutr Hua Hin projects) is valued Baht 579.6 million and the fixed asset sport club is valued Baht 101.3 million.

As of the end of 2013, the Company reported a total assets of Baht 3,071.8 million, comprised of leasehold right of Mahanakhon project valued Baht 1,052.6 million, work in progress of Mahanakhon project of Baht 928.6 million, long-term loans to subsidiaries of Baht 832.1 million and remaining inventories in Saladaeng Residences and the Ficus Lane projects of Baht 144.3 million, rental assets worth Baht 141.8 million. Aforementioned assets contributed 66.9% of the Company's total assets.

### Land leasehold rights and deposits for land lease

As of the end of 2012 and 2013, Mahanakhon project land leasehold right was at Baht 1,052.6 million (equity accounting) and Baht 2,083.8 million, respectively. According to the independent appraiser, who valued the leasehold right on 16 March 2012, such leasehold right was valued at Baht 2,822.0 million (or Baht 1,411.0 million equity accounted according to share of investment in the joint venture) for the 99-year leasehold right.

In 2012, the jointly controlled entities (now "subsidiaries") has entered into a contract to buy land for parking building construction. As of the end of 2012, the jointly controlled entities (now "subsidiaries") has paid deposit for the land cost worth Baht 102.7 million, whereby the Company realized Baht 51.4 million from such expenses. In 2013, the subsidiaries have received land ownership and such deposit as part of the land costs.

In 2013, the additional land for parking building construction has been transferred to the subsidiary. The Company land costs and related expenses have been recorded under "Land" item worth Baht 308.6 million in the consolidated statement of financial position as of 31 December 2013. The details of the leasehold right and deposit as of end-2012 and 2013 as follows:

Unit: Baht million	2012	2013
Leasehold right – cost	2,207.2	2,207.2
Accumulated land amortization (expenses)	(69.8)	(75.3)
Accumulated land amortization (construction cost capitalized)	(32.2)	(48.1)
Leasehold right - net	2,105.2	2,083.8
Value shown in the financial statement	1,052.6	2,083.8
Deposit for land leasehold right for parking building	102.7	-
Value shown in the financial statement	51.4	-

### Property project under development and under construction

Presently, the Company has two property development projects under development, the Mahanakhon and Mahasamutr Hua Hin, and will launch another project in the near future.

After having completed two property development projects, Ficus Land (Construction 2004–2006) and Saladaeng Residences (Construction 2008–2011), the Company has transferred construction value to inventory as of end-2012 and 2013 for Baht 307.2 million and Baht 144.3 million, respectively.

Mahanakhon has gradually paid for construction costs. Presently, the Company has completed the sales office, showroom and foundation work of the main and shopping buildings. The construction progress of the Mahanakhon project is as follows:

Unit : Baht million	2012	2013
Construction in progress – Mahanakhon	1,978.2	3,265.2
Deduct Related transaction	(60.5)	(171.8)
Construction in progress – after elimination	1,917.1	3,093.4
Value shown in financial statement	928.6	3,093.4

### Long-term loans for subsidiaries and interest receivable

As of 31 December 2013, the Company granted long-term loans to subsidiary valued at Baht 2,944.2 million, but due to the acquiring shares and shareholder's loans of the subsidiaries, such loan was eliminated in the consolidated statement of financial position.

Long term loan to subsidiaries and interest receivable can be summarized as follows:

Unit : Baht million	2012	2013
Loans to subsidiaries – beginning balance	1,264.3	1,664.3
Increase (decrease) during the period	400.0	1,279.9
Loans to subsidiaries – ending balance	1,664.3	2,944.2
Value shown in financial statement	832.1	-
Interest receivable from subsidiaries – beginning balance	70.3	277.1
Increase (decrease) during the period	206.8	439.8
Interest receivable from subsidiaries – ending balance	277.1	717.0
Value shown in financial statement	138.6	-

### Inventories

As of the end of 2012, the Company has ending inventories valued Baht 307.2 million, comprised of completed residential building units that are ready for sales and transfer, of which four units of Ficus Lane and 14 units of Saladaeng Residences, worth a total of Baht 289.0 million, land held for sales of Baht 14.2 million and furniture for sales valued Baht 4.0 million.

As of the end of 2013, the Company has ending inventories valued Baht 144.3 million, comprised of completed residential building units that are ready for sales and transfer, of which three units of Ficus Lane with total space of 951.69 sqm and valued Baht 59.1 million; and five units of Saladaeng Residences with total space of 689.11 sqm and valued Baht 82.5 million.

## Sources of fund

### Liabilities

As of the end of 2012 and 2013, the Company has total liabilities of Baht 3,078.5 million and Baht 6,428.8 million, respectively. Liabilities mainly comprised of shareholder's loan and interest payable of Baht 1,488.6 million and Baht 2,320.8 million, respectively. There were unearned revenue and customer deposits valued of Baht 436.2 million and Baht 1,530.1 million, respectively. Those key items accounted for 75.2% and 95.0%, respectively, of total liabilities.

In 2013, the Company has shareholder's loan and interest payable of Baht 2,320.8 million, or an increase of 55.9%, mainly due to accounting consolidation after the acquiring shares and shareholder's loans of the subsidiaries.

### Loans from financial institutions and third parties

As of the end of 2013, the Company recorded loans from financial institutions and third parties of Baht 2,253.9 million, or an increase of 477.6% from Baht 390.2 million at the end of 2012. The main reason being the Company is in the process of developing Mahanakhon project as well as land acquisition for Mahasamutr Hua Hin project development. As a result of project developments and accounting consolidation after acquiring shares and shareholder's loans of the subsidiaries, the loans from financial institutions had increased.

### Advances Received from Customers and Deposits Received from Customers

Details of the advances received from customers and deposits received from customers are as follows:

Unit : Baht million	2012	2013
Advances Received from Customers	67.9	58.8
Deposits Received from Customers	368.3	1,471.3

As of the end of 2013, the Company has advances received from customers of Baht 58.8 million, down 13.4% from Baht 67.9 million at the end of 2012, as the Company has transferred units of Saladaeng Residences and Ficus Lane to customers. However, during 2013, the Company has deposits received from customers for presale units from The Ritz-Carlton Residences Bangkok of Baht 1,471.8 million, up 299.5% from Baht 268.3 million at the end of 2012 due to higher presales.

### Shareholders' equity

As of the end of 2013, the shareholders' equity was at Baht 2,750.1 million, up 207.9% from Baht 893.2 million at the end of 2012. This is mainly due to the IPO of the Company's 600 million shares with par of Baht 1 each, causing paid-up capital to increase by Baht 600 million and share premium to increase by Baht 1,431.1 million. The Company also recorded a capital gains of Baht 875.3 million from the losses from negative book write down due to business consolidation of Baht 584.1 million.

### Appropriateness of the funding structure

As of the end of 2012 and 2013, the Company has recorded total debt to equity ratio of 3.4x and 3.0x, respectively. The Company's liabilities are comprised of no-repayment risk liabilities such as unearned revenue of Baht 58.8 million, customer deposits of Baht 1,471.3 million and shareholder's loans and interest payable of Baht 2,320.8 million, which totaled 59.9% of the Company total liabilities. Therefore, when considering only the external source of funds, which including loans from financial institutions, to equity as of the end of 2012 and 2013, the debt ratio are 0.4x and 1.0x, respectively.

The total debt ratio has declined over 2013 was driven by the IPO of the Company's shares, causing the equity value to increase from Baht 893.2 million in 2012 to Baht 2,147.7 million in 2013. However, the financial institution debt ratio has increased over 2013 due to continued investment in Mahanakhon project. Such debt ratio will not decline in the near future as the Company continues to invest in Mahanakhon project development.

Although the Company has interest bearing debt of Baht 4,574.7 million, but the Company has debt obligation from financial institutions in the amount of only Baht 2,253.9 million. The shareholder's loan has an agreement to pay back principal and interest only when the subsidiary has positive net cashflow. The Company's debt ratio will decline when the Company

starts to repay debt from the cashflow from condominium unit transfers from Mahanakhon condominium project which is scheduled to be completed in 2015.

### **Liquidity**

In 2012, the Company has cash inflow from operation of Baht 477.3 million, mainly from the unit transfers of Saladaeng Residences and Ficus Lane, causing the inventories to decline by Baht 616.9 million. Construction in progress of Mahanakhon project and advance payment for construction increased by Baht 136.1 million and Baht 118.3 million, respectively. The Company reported cash outflow for investment worth Baht 472.8 million, mainly from lending to subsidiary worth Baht 200 million, investment in construction project of Baht 142.0 million and deposit payment for purchase of land, leasehold rights and construction of Baht 112.8 million. The Company reported cash outflow from financing activities of Baht 148.4 million, due to loan and interest expense repayment of Baht 663.4 million and acquiring short term loans from shareholder of Baht 505.8 million.

The current ratio of the Company was at 1.7x at end-2013, up from 0.5x at the end of 2012, mainly due to an increase in cash position from shareholder's loan and the IPO funds to be used as working capital, making current ratio improved.

As at the end of 2013, the Company reported cash outflow from operation activities of Baht 369.1 million, mainly from an increase in unearned revenue and customer deposit worth Baht 417.1 million, an increase in work-in-progress construction for property development for sales of Baht 661.9 million and tax payment of Baht 53.1 million.

In 2013, the Company reported cash outflow from investment activities of Baht 723.2 million, mainly from an increase in investment in subsidiary of Baht 247.8 million, paying for land and construction of Baht 984.1 million and the restricted cash deposit has declined (increased) by Baht 78.6 million.

### **2013 Auditor's remuneration**

Accounting auditor's fee for auditing interim and annual financial statement for year 2013, ending 31 December 2013 totaled approximately Baht 3.4 million.

### **Factors that may influence business operation and financial status in the future:**

#### *Domestic and overseas economic condition*

Domestic political standoff that started since 2013 has begun to affect domestic economies and investment, including the tourism and property development business. Many Thai and international investors deterred their investment decision and slowed down consumption which may affect the Company's residential projects and commercial rental for the project under construction. However, the marketing survey indicated that the high-end property development continued to grow as there are limited numbers of high-end property development projects in the market, while the demand in this segment is resilient. Moreover, the depreciated Baht has prompted interest from overseas buyers as Baht depreciation made the property units cheaper. The property investment in the high-end property segment is usually more resilient to the economic downturn than in other business segments.

### **Profit generation capability of Mahanakhon and Mahasamutr Hua Hin projects**

The Company aims to sell 70% of the super-luxurious Ritz-Carlton Residences Bangkok by 2014 and will launch luxurious vacation residential villa Mahasamutr Hua Hin in the same year. The construction progress of both projects are on schedule, and the Company expect to recognize revenue after the construction completion in 2015 onward. However, the Company still expect the projects currently under construction to continue to recognize losses during 2013-14, making the Company unable to pay dividend over such period of time.

# AUDIT COMMITTEE REPORT

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The Audit Committee was appointed by resolution of the Company's Board of Directors to present the roles and responsibilities in reviewing the Company's financial statements by certified public accountants and internal audits, as well as in encouraging the company to comply with the Stock Exchange of Thailand's and Securities and Exchange Commission's principles of good corporate governance and effective and efficient risk management and internal control system.

The Company's Audit Committee consists of 3 independent directors : Mrs.Ladda Siri wattanakosol as Chairman of Audit Committee, Mr. Prasert Patradhilok and Miss Benjaporn Prisuwan as Member of Audit Committee.

In 2013, the Company's Audit Committee held 7 meetings to discuss and consider important subjects. The details were as follows:

- **Review of quarterly and annual financial statements of the year 2013**

The Audit Committee reviewed the Company's financial statements with the management and the auditors. The Audit Committee has an opinion that such financial statements and all related transaction items present fairly in accordance with the generally accepted accounting principles and have adequately disclosed accurate information.

- **Review and evaluation sufficiency of internal control systems**

The Audit Committee reviewed the Company's internal control systems with the internal audit unit every quarter and has an opinion that the Company has adequate internal control systems. It is reasonably confident that the Company is capable of achieving operational efficiency and effectiveness, having the accuracy of the financial statements, and ensuring compliance with the Company's codes of conduct and policies.

- **Verification of compliance with laws on Securities and Stock Exchange, the SET's regulations and laws related to the Company's operations**

The Audit Committee reviewed the Company's laws and regulations compliance with the legal unit, the compliance unit, and the internal audit unit and found no incident indicating significant violation of these rules, related laws and regulations relevant to the Company's business operations.

- **Related party transactions**

The Audit Committee reviewed the Company's related transactions that may give rise to conflicts of interest. It shows that such transactions are actual commercial transactions that occur in the normal business condition. It also shows that the Company has sufficiently and appropriately disclosed such related transactions in the financial statements and the footnotes to the financial statements, consistent with relevant rules and guidelines set forth by the Stock Exchange of Thailand and Securities and Exchange Commission.

- **Suitability of the auditors**

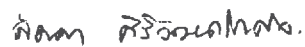
The Audit Committee reviewed the auditors' qualifications, business knowledge and experiences, as well as appropriateness of the compensation packages given to such auditors. It shows that the auditors from Baker Tilly Audit and Advisory Services (Thailand) Co., Ltd. are independent and properly function as auditors according to the standards in audit profession.



- **Good corporate governance**

The Board of Directors and the Management emphasize on the Company's corporate governance in order to comply with the principles of good corporate governance. As such, they focus on managing to have more efficient, transparent and ethical business operations that brings trust to the company's shareholders, investors and all other relevant parties.

In summary, The Audit Committee has worked according to the scope, duties, and responsibilities assigned by the Board of Directors with diligence and independence. The Audit Committee has an opinion that the company provided accurate financial statements, operated under the efficient internal control systems, had in place effective risk management, complies with laws, regulations and requirements pertaining to corporate business operations, appropriately disclosed related party transactions, and operated according to good corporate governance sufficiently, transparently and reliably.



Mrs. Ladda Siri Wattanakosol  
**Chairman of Audit Committee**

# INDEPENDENT AUDITOR'S REPORT

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## To the Shareholders of Pace Development Corporation Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Pace Development Corporation Public Company Limited and its subsidiaries, and of Pace Development Corporation Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2013, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audits. I conducted my audits in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Pace Development Corporation Public Company Limited and its subsidiaries, and of Pace Development Corporation Public Company Limited as at December 31, 2013, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the basis as discussed in Note 2 to the financial statements.

***Emphases of Matter***

I draw attention to

- a) Note 2 to the financial statements that for the year ended December 31, 2013 include financial information of subsidiaries for the year then ended, which was revised based on the new estimation and assumptions that the management used to allocate leasehold rights on land, construction costs and common project costs of subsidiaries according to the revised proportion. The management determined the new proportion by considering quantitative information of construction area of each subsidiary's project. The treatment of this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on February 8, 2013 and the extraordinary shareholders' meeting held on February 19, 2013.
- b) Notes 3 and 17 to the financial statements that the Company and its subsidiaries apply Thai Accounting Standard No. 12 "Income Taxes", which became effective as of January 1, 2013. In this regard, the consolidated and separate financial statements for the year ended December 31, 2012, which have been presented herein for comparative purpose, have been restated for the effects of relevant retrospective adjustments. I have audited these retrospective adjustments and in my opinion, such adjustments are appropriate and have been properly adjusted.

However, my opinion is not modified in respect of the above matters emphasized.



(Ms. Waleerat Akkarasrisawad)  
Certified Public Accountant Registration No. 4411  
Baker Tilly Audit and Advisory Services (Thailand) Ltd.  
Bangkok  
February 28, 2014

# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

## ASSETS

		In Baht					
		The Consolidated Financial Statements			The Separate Financial Statements		
		December 31, 2012	January 1, 2012		December 31, 2012	January 1, 2012	
Notes	December 31, 2013	"Restated"	"Restated"		December 31, 2013	"Restated"	"Restated"
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	5, 20, 21	1,039,284,307	134,646,682	278,604,246	4,440,603	254,546	1,364,843
Trade account receivables - net	6	13,345,794	328,434	-	-	328,434	-
Unbilled trade account receivables from related companies	4	2,614,283	-	-	-	-	-
Inventories	4, 7, 13, 18, 20, 21, 23	144,319,699	307,234,019	945,930,440	59,134,536	59,134,536	73,676,799
Real estate projects for sales under development	4, 9, 10, 18, 21	278,483,378	-	-	278,483,378	-	-
Other receivables from subsidiaries and related companies	4	705,917	1,480,000	425,120	60,872,939	2,254,084	301,123
Refundable value added tax		38,730,635	8,281,928	17,948,152	-	-	-
Other current assets		19,788,925	13,825,594	7,812,993	13,967,589	10,494,575	5,554,362
<b>Total Current Assets</b>		<b>1,537,272,938</b>	<b>465,796,657</b>	<b>1,250,720,951</b>	<b>416,899,045</b>	<b>72,466,175</b>	<b>80,897,127</b>

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2013

### ASSETS (Continued)

		In Baht					
		The Consolidated Financial Statements			The Separate Financial Statements		
		December 31, 2012	January 1, 2012		December 31, 2012	January 1, 2012	
Notes	December 31, 2013	"Restated"	"Restated"	December 31, 2013	"Restated"	"Restated"	
<b>NON-CURRENT ASSETS</b>							
Investment in available for sale equity security - at fair value	-	-	15,034,898	-	-	-	
Investment in common shares of subsidiaries - at cost	4, 8, 21, 25	-	-	265,872,106	180,000,000	180,000,000	
Restricted savings deposit	20, 21, 33	-	61,102,395	-	-	-	
Interest receivable from subsidiaries	4	-	138,565,048	440,661,747	277,130,097	70,262,750	
Long-term loans to subsidiaries	4, 21, 25	-	832,132,834	2,944,200,344	1,664,265,667	1,264,265,667	
Advances payment for land	9, 10	-	52,140,274	-	52,140,274	-	
Real estate projects for sales under development	9, 10	-	6,259,667	-	6,259,667	-	
Deferred loan arrangement fee	-	-	19,151,474	-	-	-	
Leasehold rights on land - net	2, 3, 4, 11, 12, 21, 34	2,083,802,694	1,052,621,717	-	-	-	
Land	10, 11, 18, 21	579,562,481	-	271,023,701	-	-	
Advances payment for leasehold rights on land	11	-	51,370,822	-	-	-	
Advance payments for construction	-	231,930,573	128,251,934	-	-	-	
Construction in progress	2, 4, 11, 12, 15, 21, 33	3,093,361,074	928,591,464	101,264,068	-	-	
Residential condominium unit and equipment for rent - net	4, 7, 13, 18, 21	-	26,183,020	-	26,183,020	28,223,693	
Building improvement, sales gallery and equipment - net	2, 4, 14, 21	144,026,598	101,648,066	17,256,291	12,619,096	14,567,889	
Property for lease - net	12, 15, 21	141,823,512	-	-	-	-	
Goodwill - net	8, 16	501,823,469	-	-	-	-	
Deferred income tax assets	3, 17	259,630,471	106,624,577	7,019,305	4,587,254	6,475,816	
Other non-current assets	-	3,333,461	1,323,753	2,772,661	898,664	894,291	
<b>Total Non-Current Assets</b>		<b>7,039,294,333</b>	<b>3,505,967,045</b>	<b>4,050,070,223</b>	<b>2,224,083,739</b>	<b>1,564,690,106</b>	
<b>TOTAL ASSETS</b>		<b>8,576,567,271</b>	<b>3,971,763,702</b>	<b>4,466,969,268</b>	<b>2,296,549,914</b>	<b>1,645,587,233</b>	

The accompanying note are an integral part of these financial statements.



PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2013

### LIABILITIES AND EQUITY

		In Baht					
		The Consolidated Financial Statements			The Separate Financial Statements		
		December 31, 2012	January 1, 2012		December 31, 2012	January 1, 2012	
Notes	December 31, 2013	"Restated"	"Restated"		December 31, 2013	"Restated"	"Restated"
<b>CURRENT LIABILITIES</b>							
Bank overdraft and short-term loans from financial institutions	7, 10, 13, 18, 21	244,855,146	14,918,244	18,527,371	244,855,146	14,918,244	18,527,371
Short-term loans	19	323,496,551	-	-	139,109,925	-	-
Trade account payables		201,707,659	89,709,721	68,264,813	11,743,957	-	-
Other payables to related companies	4	586,701	440,455	284,825	15,046	117,042	-
Other account payables		2,635,691	4,697,103	2,286,227	-	-	-
Current portion of long-term loans from financial institutions	4, 5, 7, 8, 11, 12, 13, 14, 21, 34	-	34,375,000	280,166,610	-	16,375,000	14,750,000
Current portion of liability under finance lease contracts		1,836,242	1,123,127	296,345	1,313,899	319,319	296,345
Advances received from customers	4, 7, 20	58,799,531	67,908,023	204,329,364	26,346,122	17,268,552	30,902,299
Short-term loans and accrued interest from shareholder	4	-	532,180,047	-	-	532,180,047	-
Short-term loans from subsidiary	4	-	-	-	204,341,598	-	-
Income tax payable		3,331,405	39,898,013	27,375,090	962,981	26,962,740	17,757,498
Retention payables to contractors	22	20,712,846	7,037,471	17,340,403	13,137	13,137	10,314
Accrued expenses		11,981,114	19,195,497	6,778,902	8,096,517	17,272,115	4,719,563
Accrued construction costs		29,404,341	47,075,763	63,588,115	-	-	-
Other current liabilities		12,771,618	3,913,657	14,830,739	8,551,632	2,037,237	1,522,744
<b>Total Current Liabilities</b>		<b>912,118,845</b>	<b>862,472,121</b>	<b>704,068,804</b>	<b>645,349,960</b>	<b>627,463,433</b>	<b>88,486,134</b>

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
**STATEMENT OF FINANCIAL POSITION** (Continued)

AS AT DECEMBER 31, 2013

**LIABILITIES AND EQUITY (Continued)**

		In Baht					
		The Consolidated Financial Statements			The Separate Financial Statements		
		December 31, 2012	January 1, 2012		December 31, 2012	January 1, 2012	
Notes	December 31, 2013	"Restated"	"Restated"		December 31, 2013	"Restated"	"Restated"
<b>NON-CURRENT LIABILITIES</b>							
Deposits received from customers	20, 33	1,471,326,895	368,285,350	184,309,423	-	-	-
Retention payables to contractors	22	19,219,879	1,679,468	-	-	-	-
Provision for loss on litigation case	7, 23	9,649,539	9,525,035	9,400,531	9,649,539	9,525,035	9,400,531
Long-term loans and accrued interest from shareholders	4, 16	2,320,841,287	1,488,647,567	1,683,066,549	-	-	-
Long-term loans from financial institutions - net	4, 5, 7, 8, 11, 12, 13, 14, 21, 34	1,685,517,826	340,935,051	384,250,000	-	8,935,051	34,250,000
Liabilities under finance lease contracts - net		7,576,716	5,098,114	2,024,155	4,012,243	1,329,475	2,024,155
Provision for employee retirement benefit	24	2,576,385	1,900,848	1,277,676	2,576,385	1,900,848	1,277,676
<b>Total Non-Current Liabilities</b>		<b>5,516,708,527</b>	<b>2,216,071,433</b>	<b>2,264,328,334</b>	<b>16,238,167</b>	<b>21,690,409</b>	<b>46,952,362</b>
<b>Total Liabilities</b>		<b>6,428,827,372</b>	<b>3,078,543,554</b>	<b>2,968,397,138</b>	<b>661,588,127</b>	<b>649,153,842</b>	<b>135,438,496</b>

The accompanying note are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2013

## LIABILITIES AND EQUITY (Continued)

		In Baht					
		The Consolidated Financial Statements			The Separate Financial Statements		
		December 31, 2012	January 1, 2012		December 31, 2012	January 1, 2012	
Notes	December 31, 2013	"Restated"	"Restated"		December 31, 2013	"Restated"	"Restated"
<b>EQUITY</b>							
Share capital	25						
- Authorized share capital, common share 2,054,265,670 shares at Baht 1 par value		2,054,265,670	2,054,265,670	2,054,265,670	2,054,265,670	2,054,265,670	2,054,265,670
- Issued and paid-up share capital, common share 2,054,265,670 shares in 2013 and 1,454,265,670 shares in 2012 at Baht 1 per share		2,054,265,670	1,454,265,670	1,454,265,670	2,054,265,670	1,454,265,670	1,454,265,670
Premium on common shares	25	1,431,062,052	-	-	1,431,062,052	-	-
Discount on business combination under common control	2, 16	(61,374,560)	(753,779,902)	(753,779,902)	-	-	-
Change in available for sale equity security - net		-	-	1,427	-	-	-
Retained earnings (Deficit)							
- Appropriated for legal reserve	26	15,643,231	6,956,795	-	15,643,231	6,956,795	-
- Unappropriated (Deficit)	3, 17	(689,542,319)	185,777,585	151,170,357	304,410,188	186,173,607	55,883,067
<b>Equity Attributable to Owners of the Parent</b>		2,750,054,074	893,220,148	851,657,552	3,805,381,141	1,647,396,072	1,510,148,737
Non-controlling interests		(602,314,175)	-	-	-	-	-
<b>Equity - Net</b>		2,147,739,899	893,220,148	851,657,552	3,805,381,141	1,647,396,072	1,510,148,737
<b>TOTAL LIABILITIES AND EQUITY</b>		8,576,567,271	3,971,763,702	3,820,054,690	4,466,969,268	2,296,549,914	1,645,587,233

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

		In Baht			
		The Consolidated Financial Statements		The Separate Financial Statements	
		2012		2012	
Notes		2013	"Restated"	2013	"Restated"
Revenue from sale residential condominium units and furnitures		287,415,701	938,946,481	42,317,757	24,570,000
Costs of sales residential condominium units and furniture		(188,118,934)	(656,056,336)	(25,204,615)	(14,542,263)
Gross Profit		99,296,767	282,890,145	17,113,142	10,027,737
Rental income and service income	4	3,869,783	1,899,019	-	1,109,269
Interest income	4	32,252,168	104,361,117	164,123,904	206,879,070
Dividend income	8	-	-	119,999,520	-
Gain (loss) on foreign exchange - net		(934,695)	467,796	(378,519)	-
Management fee income	4	15,000,000	30,000,000	60,000,000	61,500,000
Other income	4	6,550,529	13,226,934	8,816,788	8,824,682
Selling expenses	2, 4, 27	(186,611,622)	(65,731,867)	(85,511,049)	(10,329,974)
Administrative expenses	4, 27	(118,954,621)	(121,938,662)	(86,601,288)	(47,414,180)
Management benefit expenses	4, 28	(28,171,824)	(25,567,539)	(25,161,934)	(22,701,039)
Finance costs	4	(97,561,793)	(119,185,174)	(42,235,414)	(30,802,031)
<b>Profit (Loss) from Operation</b>		(275,265,308)	100,421,769	130,165,150	177,093,534
Loss on derecognition of discount on business combinations under common control - net		(584,050,448)	-	-	-
<b>Profit (Loss) before Income Tax</b>		(859,315,756)	100,421,769	130,165,150	177,093,534
Income Tax Income (Expense)	3, 17	18,271,863	(58,857,746)	(3,242,133)	(39,846,199)
<b>PROFIT (LOSS) FOR THE YEAR</b>	3, 17	(841,043,893)	41,564,023	126,923,017	137,247,335
<b>Other Comprehensive Loss</b>					
Reversal of unrealized gain on revaluation of investments		-	(1,427)	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	3, 17	(841,043,893)	41,562,596	126,923,017	137,247,335

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF COMPREHENSIVE INCOME (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

		In Baht			
		The Consolidated Financial Statements		The Separate Financial Statements	
		2012		2012	
Notes		2013	"Restated"	2013	"Restated"
<b>Profit (loss) for the year attributable to:</b>					
		(795,373,208)	41,564,023	126,923,017	137,247,335
	Owners of the parent				
	Non-controlling interests	2	(45,670,685)	-	-
		<u>(841,043,893)</u>	<u>41,564,023</u>	<u>126,923,017</u>	<u>137,247,335</u>
<b>Total comprehensive income (loss) for the year attributable to:</b>					
		(795,373,208)	41,562,596	126,923,017	137,247,335
	Owners of the parent				
	Non-controlling interests	2	(45,670,685)	-	-
		<u>(841,043,893)</u>	<u>41,562,596</u>	<u>126,923,017</u>	<u>137,247,335</u>
<b>Basic Earnings (Loss) per Share</b>					
<b>Attributable to Owners of the Parent</b>					
		<u>(0.466)</u>	<u>0.029</u>	<u>0.074</u>	<u>0.094</u>
<b>Weighted Average Number of Shares</b>					
<b>(In Shares)</b>					
	25	<u>1,705,772,519</u>	<u>1,454,265,670</u>	<u>1,705,772,519</u>	<u>1,454,265,670</u>

The accompanying note are an integral part of these financial statements.



PAGE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

The Consolidated Financial Statements (In Baht)

Notes	Issued and paid-up share capital	Premium on common shares	Discount on business combination under common control	Change in available for sale equity security - net	Retained earnings (Deficit)		Equity attributable to owners of the parent	Non- Controlling interests	Equity - net
					Appropriated for legal reserve	Unappropriated (Deficit)			
<b>Balance as at January 1, 2012 - As previously reported</b>	1,454,265,670	-	(753,779,902)	1,427	-	57,957,858	758,445,053	-	758,445,053
Cumulative effect of the change in accounting policy relating to income taxes	3, 17	-	-	-	-	93,212,499	93,212,499	-	93,212,499
<b>Balance as at January 1, 2012 - As restated</b>	1,454,265,670	-	(753,779,902)	1,427	-	151,170,357	851,657,552	-	851,657,552
Appropriated for legal reserve	26	-	-	-	6,956,795	(6,956,795)	-	-	-
Total comprehensive income (loss) for the year - As restated	3, 17	-	-	(1,427)	-	41,564,023	41,562,596	-	41,562,596
<b>Balance as at December 31, 2012 - As restated</b>	1,454,265,670	-	(753,779,902)	-	6,956,795	185,777,585	893,220,148	-	893,220,148
Increase in share capital	25	600,000,000	1,431,062,052	-	-	-	2,031,062,052	-	2,031,062,052
Derecognition of discount on business combinations under common control	16	-	-	692,405,342	-	-	692,405,342	-	692,405,342
Effect of change in consolidation method		-	-	-	-	(71,260,260)	(71,260,260)	(556,643,490)	(627,903,750)
Appropriated for legal reserve	26	-	-	-	8,686,436	(8,686,436)	-	-	-
Total comprehensive loss for the year	3, 17	-	-	-	-	(795,373,208)	(795,373,208)	(45,670,685)	(841,043,893)
<b>Balance as at December 31, 2013</b>	2,054,265,670	1,431,062,052	(61,374,560)	-	15,643,231	(689,542,319)	2,750,054,074	(602,314,175)	2,147,739,899

The accompanying note are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	The Separate Financial Statements (In Baht)				Total
		Issued and paid-up share capital	Premium on common shares	Retained earnings		
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2012 - As previously reported		1,454,265,670	-	-	49,407,251	1,503,672,921
Cumulative effect of the change in accounting policy relating to income taxes	3, 17	-	-	-	6,475,816	6,475,816
Balance as at January 1, 2012 - As restated		1,454,265,670	-	-	55,883,067	1,510,148,737
Appropriated for legal reserve	26	-	-	6,956,795	(6,956,795)	-
Total comprehensive income for the year - As restated	3, 17	-	-	-	137,247,335	137,247,335
Balance as at December 31, 2012 - As restated		1,454,265,670	-	6,956,795	186,173,607	1,647,396,072
Increase in share capital	25	600,000,000	1,431,062,052	-	-	2,031,062,052
Appropriated for legal reserve	26	-	-	8,686,436	(8,686,436)	-
Total comprehensive income for the year	3, 17	-	-	-	126,923,017	126,923,017
Balance as at December 31, 2013		2,054,265,670	1,431,062,052	15,643,231	304,410,188	3,805,381,141

The accompanying note are an integral part of these financial statements.

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2013

	In Baht			
	The Consolidated Financial Statements		The Separate Financial Statements	
	2012		2012	
	2013	"Restated"	2013	"Restated"
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Profit (loss) for the year	(841,043,893)	41,564,023	126,923,017	137,247,335
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:				
Allowance for doubtful accounts	338,439	-	338,439	-
Depreciation and amortization	35,225,074	22,467,865	5,307,567	5,176,239
Gain on sales of equipment	(383,177)	-	-	-
Write-off equipment	39,352	55,931	39,352	-
Gain on sales of investment in available for sale equity security	-	(27,944)	-	-
Provision for loss on litigation case	124,504	124,504	124,504	124,504
Provision for employee retirement benefit	675,537	623,172	675,537	623,172
Unrealized loss (gain) on foreign exchange - net	538,768	(221,003)	-	-
Adjustment of prepaid expenses	546,889	427,234	-	-
Adjustment of refundable value added tax	-	675,420	-	-
Loss on derecognition of discount on business combinations under common control - net	584,050,448	-	-	-
Allowance for impairment loss on goodwill	64,760	-	-	-
Income tax expense (income)	(18,271,863)	58,857,746	3,242,133	39,846,199
Interest income	(32,252,168)	(104,361,117)	(164,123,904)	(206,879,070)
Interest expense	97,561,793	119,185,174	42,235,414	30,802,031
<b>Decrease (increase) in operating assets:</b>				
Trade account receivables	(13,355,799)	(328,434)	(10,005)	(328,434)
Unbilled trade account receivables from related companies	(2,614,283)	-	-	-
Inventories	169,002,298	616,926,826	25,204,615	14,542,263
Other receivables from subsidiaries and related companies	(14,422,485)	(1,054,880)	(58,618,855)	(1,952,961)
Refundable value added tax	(19,294,058)	6,082,933	-	-
Real estate project for sales under development	(212,398,274)	(6,366,667)	(212,398,273)	(6,366,667)

The accompanying note are an integral part of these financial statements.

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF CASH FLOWS** (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	In Baht			
	The Consolidated Financial Statements		The Separate Financial Statements	
	2012		2012	
	2013	"Restated"	2013	"Restated"
Advances payment for leasehold rights on land	-	(37,300,354)	-	-
Advance payments for construction	(15,163,808)	(81,052,180)	-	-
Construction in progress	(449,536,691)	(136,143,535)	-	-
Other current assets	(4,296,994)	(6,332,835)	(3,473,014)	(4,833,213)
Other non-current assets	(2,021,168)	(24,373)	(1,977,168)	(4,373)
<b>Increase (decrease) in operating liabilities:</b>				
Trade account payables and accrued construction costs	6,703,789	299,861	7,559,542	-
Other payables to related companies	(211,011)	155,630	(101,996)	117,042
Advances and deposits received from customers	417,138,540	47,554,586	9,077,570	(13,633,747)
Retention payables to contractors	23,398,468	(8,623,464)	-	2,823
Other accounts payable	(24,859,988)	2,140,876	-	-
Accrued expenses	(9,167,883)	12,416,595	(9,175,598)	12,552,552
Other current liabilities	7,939,739	(10,721,168)	6,514,395	514,493
Income tax paid	(53,130,680)	(59,746,901)	(31,673,945)	(28,752,395)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(369,075,825)</b>	<b>477,253,521</b>	<b>(254,310,673)</b>	<b>(21,202,207)</b>

The accompanying note are an integral part of these financial statements.

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF CASH FLOWS** (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	In Baht			
	The Consolidated Financial Statements		The Separate Financial Statements	
	2012		2012	
	2013	"Restated"	2013	"Restated"
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Increase in investment in common shares of subsidiaries	(85,780,206)	-	(85,872,106)	-
Effect on cash flows from additionally investing in subsidiaries	247,760,769	-	-	-
Decrease (increase) in restricted savings deposits	78,602,395	(30,495,118)	-	-
Decrease in investment in available for sale equity security	-	15,061,415	-	-
Increase in long-term loans to subsidiaries	(88,617,500)	(200,000,000)	(1,451,434,676)	(400,000,000)
Decrease in long-term loans to subsidiaries	85,750,000	-	171,500,000	-
Proceeds from sales of equipment	383,178	-	-	-
Purchases of sales gallery and equipment	(7,431,583)	(3,448,079)	(4,345,285)	(1,186,773)
Advances payment for leasehold rights on land	-	(14,070,468)	-	-
Advance payments for construction	50,167,654	(46,581,798)	-	-
Advances payment for land	-	(52,140,274)	-	(52,140,274)
Purchases of land	(391,422,269)	-	(271,023,701)	-
Increase in construction in progress	(610,146,382)	(142,042,410)	(96,987,543)	-
Interest received	1,204,144	927,443	592,255	11,723
<b>Net Cash Used in Investing Activities</b>	<b>(719,529,800)</b>	<b>(472,789,289)</b>	<b>(1,737,571,056)</b>	<b>(453,315,324)</b>

The accompanying note are an integral part of these financial statements.



## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF CASH FLOWS** (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	In Baht			
	The Consolidated Financial Statements		The Separate Financial Statements	
	2012		2012	
	2013	"Restated"	2013	"Restated"
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Increase (decrease) in bank overdraft and short-term loans from financial institutions	231,432,669	(3,609,127)	231,432,668	(3,609,127)
Increase in short-term loans	325,000,000	-	140,000,000	-
Increase (decrease) in short-term loans from shareholders	(505,750,000)	505,750,000	(505,750,000)	505,750,000
Increase in short-term loans from subsidiary	-	-	205,000,000	-
Cash receipts from long-term shareholder loans	248,617,500	10,000,000	-	-
Cash receipts from long-term loans from financial institutions	1,228,331,175	-	-	-
Repayment of long-term shareholder loans	(686,950,240)	(266,000,000)	-	-
Repayment of long-term loans from financial institutions	(375,310,051)	(289,106,559)	(25,310,051)	(23,689,949)
Repayment of liabilities under finance lease contracts	(1,365,537)	(749,259)	(879,906)	(671,706)
Proceeds from increase in share capital	2,100,000,000	-	2,100,000,000	-
Payment of expenses relating to increase in share capital	(68,937,948)	-	(68,937,948)	-
Payment of deferred loan arrangement fee	(29,584,444)	-	(2,564,171)	-
Interest paid	(472,239,874)	(104,706,851)	(76,922,806)	(4,371,984)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>1,993,243,250</b>	<b>(148,421,796)</b>	<b>1,996,067,786</b>	<b>473,407,234</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>904,637,625</b>	<b>(143,957,564)</b>	<b>4,186,057</b>	<b>(1,110,297)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>134,646,682</b>	<b>278,604,246</b>	<b>254,546</b>	<b>1,364,843</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,039,284,307</b>	<b>134,646,682</b>	<b>4,440,603</b>	<b>254,546</b>

The accompanying note are an integral part of these financial statements.

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF CASH FLOWS** (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	In Baht			
	The Consolidated Financial Statements		The Separate Financial Statements	
	2012		2012	
	2013	"Restated"	2013	"Restated"
Non-Cash Transactions				
a) Interest expense recorded as cost of real estate project for sales under development and construction in progress	29,201,122	62,725,881	6,708,868	-
b) Construction payables	61,455,271	135,926,671	4,184,415	-
c) Amortization of leasehold rights on land as part of construction in progress	11,949,491	6,589,305	-	-
d) Transfer residential condominium unit and equipment for rent to be inventories	25,204,615	-	25,204,615	-
e) Transfer construction in progress to be property for lease	142,391,825	-	-	-
f) Deferred loan arrangement fee capitalized as part of real estate project for sales under development and construction in progress	24,584,372	-	1,068,405	-
g) Fixed assets increased by means of :				
- Finance lease agreements	4,557,254	4,650,000	4,557,254	-
- Cash payments	7,431,583	3,448,079	4,345,285	1,186,773
	<u>11,988,837</u>	<u>8,098,079</u>	<u>8,902,539</u>	<u>1,186,773</u>

h) During the year ended December 31, 2013, the Company additionally purchased direct and indirect investment in shares of the Pace Group from 50% to approximately 67.68%. Therefore, the Company changed the consolidation method of the Pace Group from proportional consolidation to fully consolidation. Detail of assets and liabilities of the Pace Group for additional investing portion as at acquisition date were summarized below:

	In thousand Baht
Other receivables from related companies	283
Refundable value added tax	11,155
Other current assets	2,213
Restricted saving deposits	17,500
Leasehold rights on land - net	1,047,262
Land	154,269
Advance payments for construction	138,682

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF CASH FLOWS** (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>In thousand Baht</u>
Construction in progress	1,251,329
Sales gallery and equipment - net	59,833
Deferred income tax assets	118,170
Other non-current assets	132
Trade account payables	(179,056)
Other payables to related companies	(15,837)
Other account payables	(22,799)
Advances and deposits received from customers	(676,795)
Retention payables to contractors	(7,817)
Accrued expenses	(1,953)
Other current liabilities	(1,710)
Long-term loans and accrued interest from shareholders	(2,527,177)
Long-term loans from financial institutions	(479,842)
Non-controlling interests at the acquisition date	556,644
Gain on changes in fair value of investments before business combination (Note 16)	(108,355)
Goodwill (Note 16)	501,888
Fair value at the acquisition date	(161,981)
Effect from cash flows from investments in subsidiaries	247,761
Cash payment for purchase of investments in shares of subsidiaries	<u><u>85,780</u></u>

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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## 1. GENERAL

Pace Development Corporation Public Company Limited (“the Company”) was incorporated as a limited company in Thailand on September 1, 2003 and registered the change of the Company’s status to be a public company on September 20, 2011. Subsequently on August 7, 2013, the Company’s ordinary shares have been approved to be a listed security in the Stock Exchange of Thailand. The Company is principally engaged in property development.

The Pace Group (Subsidiaries – formerly jointly controlled entities), in these financial statements, represents Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd.

The major shareholder of the Company as at December 31, 2013 and 2012 is Techakraisri Group who owned 56.0% and 77.96% of the Company’s authorized share capital, respectively.

The registered office address of the Company is located at 87/2 CRC Tower All Season Place, 45<sup>th</sup> Floor, Unit 3, Wireless Road, Lumpini, Pathumwan, Bangkok, Thailand.

## 2. BASIS FOR PREPARATION OF SEPARATE FINANCIAL STATEMENT AND CONSOLIDATED FINANCIAL STATEMENTS

- a) The Company and its subsidiaries (together referred to as “the Pace Development Corporation Group”) maintain their official accounting records in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the consolidated financial statements and the separate financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

Other than those specified in notes to financial statements, the consolidated financial statements and the separate consolidated financial statements are prepared under the historical cost convention.

For the convenience of the readers, the Pace Development Corporation Group prepared an English translation of the financial statements from the Thai language financial statements, which are issued for domestic financial reporting purposes.

- b) Business combinations

The Pace Development Corporation Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Pace Development Corporation Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured at the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

The Pace Development Corporation Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Pace Development Corporation Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiary is that entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Jointly controlled entities are that entities over whose activities the Company has joint control. The consolidated financial statements, therefore, include only the Company's proportionate share of the jointly controlled entities' assets, liabilities, revenues and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Upon the loss of control, the Pace Development Corporation Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Pace Development Corporation Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

- c) The financial statements for each of the years ended December 31, 2013 and 2012 of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. ("subsidiaries") have been prepared based on accounting records and supporting documents, which are in accordance with the Consortium Agreement among subsidiaries and the shareholders agreement of the subsidiaries' shareholders, whereby the leasehold rights on land, construction costs and common project costs of MahaNakhon Project are allocated at the proportion of 40%, 40% and 20%, respectively. The management of the subsidiaries considered such proportions based on market research at the early stage and the consent of landlord relating to the horizontal utilization of areas for both quantitative and qualitative factors. The management also assigned the consultant to analyze the MahaNakhon Project, which had the conclusion that for the preliminary design, the hotel design was complicated for guest rooms, outlets, meeting rooms, function rooms and various service sections because these are based on requirements and standards of the hotel operator (Marriott International Group). Hence, volume of works and relevant costs are as much as those of residential design that is rather fixed. For that of retail project, the design is not complicated. The management, accordingly, considers that such allocation is appropriate. However, for the purpose of the preparation on the consolidated financial statements of the Pace Development Corporation Group, the management considered that the financial statements of the subsidiaries should be prepared based on the new estimation and assumptions that the management used to allocate leasehold rights on land, construction costs and common project costs of subsidiaries according to the revised proportion. The management determined the new proportion by considering quantitative information of construction area of each subsidiary's project. The treatment on this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on February 8, 2013 and the extraordinary shareholders' meeting held on February 19, 2013, which is shown below:

Subsidiaries (formerly jointly controlled entities)	Previous Proportion (%)	New Proportion (%)	
	Leasehold rights on land, construction costs and common project costs	Leasehold rights on land	Construction costs and common project costs
Pace Project One Co., Ltd.	40.00	25.68	25.80
Pace Project Two Co., Ltd.	40.00	60.02	60.88
Pace Project Three Co., Ltd.	20.00	14.30	13.32
Total	100.00	100.00	100.00

The above changes in proportion will be used solely for preparation of financial information of the subsidiaries in order to be included in the consolidated financial statements of the Pace Development Corporation Group for each of the years ended December 31, 2013 and 2012 and did not reflect the effects of relevant taxes to the subsidiaries based on the revised proportions.



- d) The consolidated financial statements for each of the years ended December 31, 2012 include the financial statements of the Pace Development Corporation Group as follows:

	<b>Nature of Business</b>	<b>Type of Holding</b>	<b>Method of Consolidation</b>	<b>Proportionate of Share (%)</b>
<b>Subsidiary</b>				
YLP Company Limited	Property development	Direct	Full	100
<b>Jointly controlled entities</b>				
The Pace Group:				
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	Proportionate	50
Pace Project One Co., Ltd.	Hotel	Direct and indirect	Proportionate	50
Pace Project Two Co., Ltd.	Luxury condominium	Direct and indirect	Proportionate	50
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	Proportionate	50

Subsequently, during the third quarter of 2013, the Company additionally purchased investments in shares of the Pace Group as discussed in Note 16. As a result, the consolidated financial statements for the year ended December 31, 2013 had change the method of consolidation and proportionate of share as follows:

	<b>Nature of Business</b>	<b>Type of Holding</b>	<b>Method of Consolidation</b>	<b>Proportionate of Share (%)</b>
<b>Subsidiaries</b>				
YLP Company Limited	Property development	Direct	Full	100.00
The Pace Group (formerly jointly controlled entities):				
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	Full	67.68
Pace Project One Co., Ltd.	Hotel	Direct and indirect	Full	67.84
Pace Project Two Co., Ltd.	Luxury condominium	Direct and indirect	Full	67.84
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	Full	67.84

- e) Significant transactions among the Pace Development Corporation Group have been eliminated in these consolidated financial statements.
- f) Transactions of the Pace Group as at December 31, 2012, which were included in the consolidated financial statements based on proportion, were as follows:

	<b>In thousand Baht</b>
Current assets	60,371
Non-current assets - As restated	2,520,363
Current liabilities	125,185
Non-current liabilities	2,188,933
Revenues	1,911
Expenses	121,117

- g) The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.

- h) Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and under equity in the consolidated statement of financial position.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and Cash Equivalents**

Cash on hand is kept for general use within the Pace Development Corporation Group. Cash equivalents are savings deposits and current accounts, highly liquid investment that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

#### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated at invoice amount net of allowance for doubtful accounts (if any).

The Pace Development Corporation Group provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables. The management believes that all receivables will be collected in full, hence, no allowance should be provided.

#### **Inventory Valuation**

Inventories are valued at the lower of cost by using specific method and net realizable value.

#### **Real Estate Projects for Sales under Development**

Real estate projects for sales under development are stated at the lower of cost and net realizable value. Cost comprises cost of land, design fees, utilities, construction costs, and directly related finance cost and expenses.

The Pace Development Corporation Group recognizes loss on diminution in value of projects (if any) in the consolidated statement of comprehensive income.

#### **Investments**

Investments in subsidiaries and jointly controlled entities are accounted for at cost method in the separate financial statements.

Investment in available for sale equity security is determined at fair value. The change in the value of security is recorded as a separate item in equity until the security is sold, the change is then included in the statement of comprehensive income.

Equity securities which are not marketable securities are stated at cost less impairment losses.

The cost of investments disposed of during the year is determined by the weighted average method.

### Leasehold Rights on Land

Leasehold rights on land that are acquired by the Pace Group are stated at cost less accumulated amortization. The amortizations are as follows:

Pace Project One Co., Ltd.	Recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.
Pace Project Two Co., Ltd.	On a straight-line basis from the date that assets are available for use over the remaining terms of the leases. Amortization that is not directly attributable to the acquisition, construction or production of a qualifying asset is recognized in the statement of comprehensive income.  The remaining of unamortized leasehold rights on land when the construction is complete will be transferred to cost of condominium which will be charged to the statement of comprehensive income when condominium is sold.
Pace Project Three Co., Ltd.	On a straight-line basis from the date that assets are available for use over the remaining terms of the leases. Amortization that is not directly attributable to the acquisition, construction or production of a qualifying asset is recognized in the statement of comprehensive income.  The remaining of unamortized leasehold rights on land when the construction is complete is recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

### Residential Condominium Unit and Equipment for Rent

Residential condominium unit and equipment for rent are stated at cost less accumulated depreciation and allowance for impairment. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in statement of comprehensive income.

The Pace Development Corporation Group depreciates its residential condominium unit and equipment for rent by the straight-line method over the estimated useful lives of the assets as follows:

	<b>Years</b>
Residential condominium unit	20
Furniture and equipment	10

### Leasehold Improvement, Sales Gallery and Equipment

Leasehold improvement, sales gallery and equipment are stated at cost less accumulated depreciation and allowance for impairment. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

The Pace Development Corporation Group depreciates their leasehold improvement and equipment by the straight-line method over the following estimated useful lives:

	<b>Years</b>
Leasehold improvement	5
Furniture, fixtures and office equipment	5 – 10
Vehicles	5

Sales gallery is depreciated based on the percentage of total sales of project on hand until the estimated demolition date.

### Property for lease

Property for lease is stated at cost less accumulated depreciation and allowance for impairment loss (if any).

Depreciation of property for lease is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	<b>Years</b>
Building and building improvement – cube building	50
Mechanical, electrical and plumbing, lifts and escalator works	20
Interior decoration and landscape	5

### Impairment of Assets

The Pace Development Corporation Group reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's net selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Pace Development Corporation Group recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in the statement of comprehensive income or reduce the revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increments in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

### Provision

A provision is recognized when the Pace Development Corporation Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

### Provision for Employee Retirement Benefit

The Pace Development Corporation Group's employee retirement benefit obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to the comprehensive statement of comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

### Use of Estimates

In order to prepare the consolidated financial statements, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these consolidated financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated financial statements for each of the years ended December 31, 2013 and 2012 of the Pace Development Corporation Group include financial information of subsidiaries (formerly jointly controlled entities) for each of the years then ended, which were revised based on the new estimation and assumptions that the management used to allocate leasehold rights on land, construction costs and common project costs of the subsidiaries according to the revised proportion. The management determined the new proportion by considering quantitative information of construction area of each subsidiary's project as discussed in Note 2.

**Revenue Recognition**

The Pace Development Corporation Group recognized sales of residential condominium units as revenue when the construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

Rental income is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

Service income is recognized as services are provided on an accrual basis.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income is recognized as income on an accrual basis.

**Cost of Residential Condominium Units Sold**

Development costs are stated at the lower of cost and net realizable value, consisting of cost of land, design fees, utilities, construction and direct related interest and expense cost.

In determining the cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to residential condominium units sold on the basis of the ownerships area.

The Pace Development Corporation Group recognizes loss on diminution in value of projects (if any) in the consolidated statement of comprehensive income.

Selling expenses directly associated with projects, such as specific business tax and transfer fee are recognized when the ownerships have been transferred.

**Repair and Maintenance**

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related assets.

**Finance Lease**

Leases in terms of which the Pace Development Corporation Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

**Operating Lease**

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized to the statement of comprehensive income as an expense on a straight-line basis over the lease term.



## Finance Costs

Interest expense and similar costs are charged to the statement of comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

## Foreign Currency Transactions

Foreign currency transactions during the year are translated into Baht at the rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the prevailing bank rates at that date. Gains or losses on translation are credited or charged to current operations in statement of comprehensive income.

## Income Tax

Starting January 1, 2013, the Company applies TAS 12 "Income Taxes", which became effective as of January 1, 2013. This accounting standard requires an entity to recognize deferred income tax assets and liabilities in the financial statements.

The income tax charge is based on profit for the year and considers deferred taxation. Deferred income taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred income tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Pace Development Corporation Group expect, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred income tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred income tax assets can be utilized. At each statement of financial position date, the Pace Development Corporation Group re-assesses unrecognized deferred income tax assets. The Pace Development Corporation Group recognizes a previously unrecognized deferred income tax asset to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered. The Pace Development Corporation Group conversely reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred income tax assets to be utilized.

The effects from adoption of this accounting standard are as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Increase in deferred income tax assets - net		
As at January 1, 2012	93,212	6,476
As at December 31, 2012	106,625	4,587
Increase in retained earnings		
As at January 1, 2012	93,212	6,476
As at December 31, 2012	106,625	4,587
Increase (decrease) in income tax expense for the year ended December 31, 2012	(13,413)	1,889
Increase (decrease) in basic earnings per share for the year ended December 31, 2012 (In Baht)	0.0092	(0.0013)

## Basic Earnings (Loss) per Share Attributable to Owners of the Parent

Basic earnings (loss) per share attributable to owners of the parent are determined by dividing the profit (loss) attributable to owners of the parent for the year by the weighted average number of shares outstanding during the year.

#### 4. TRANSACTIONS WITH RELATED PARTIES

Significant portions of the Company and its subsidiaries' assets, liabilities, revenues and expenses arose from transactions with related parties. These parties are related through common shareholdings and/or directorships. The significant transactions with related parties as included in the consolidated financial statements are determined at the price as stipulated in the agreement or mutual negotiation.

The significant transactions between the Pace Development Corporation Group and their related parties for each of the years ended December 31, 2013 and 2012 are as follows:

			In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	Relationship	Policy of Pricing	2013	2012	2013	2012
<b>Rental and service income</b>						
Dean & Deluca (Thailand) Co., Ltd.	Related company	Contract price	3,277	790	-	-
Fourteen Points Company Limited	Related company	Contract price	592	-	-	-
Total			3,869	790	-	-
<b>Management fee income</b>						
YLP Company Limited	Subsidiary company	Contract price	-	-	-	1,500
Pace Project One Co., Ltd.	Subsidiary company	Contract price	3,870	7,740	15,480	15,480
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	9,132	18,264	36,528	36,528
Pace Project Three Co., Ltd.	Subsidiary company	Contract price	1,998	3,996	7,992	7,992
Total			15,000	30,000	60,000	61,500
<b>Commission income</b>						
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	3,951	4,375	7,902	8,750
<b>Interest income</b>						
Pace Project One Co., Ltd.	Subsidiary company	7.5% to 15% p.a.	13,158	41,633	67,886	83,265
Pace Project Two Co., Ltd.	Subsidiary company	7.5% to 15% p.a.	12,140	43,533	58,033	87,067
Pace Project Three Co., Ltd.	Subsidiary company	7.5% to 15% p.a.	3,518	10,371	26,323	20,741
Pace Real Estate Co., Ltd.	Subsidiary company	7.5% and 15% p.a.	2,232	7,897	11,290	15,794
Total			31,048	103,434	163,532	206,867
<b>Other income</b>						
Pace Project One Co., Ltd.	Subsidiary company	Mutual negotiation	41	-	81	-
Pace Project Two Co., Ltd.	Subsidiary company	Mutual negotiation	109	-	219	-
Pace Project Three Co., Ltd.	Subsidiary company	Mutual negotiation	21	-	42	-
Total			171	-	342	-

			In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	Relationship	Policy of Pricing	2013	2012	2013	2012
<b>Interest expense (included in inventories, real estate projects for sales under development, construction in progress and finance costs)</b>						
Khun Sipoom Nakchudtree	Shareholder	8% p.a.	-	268	-	-
Khun Voravat Maleenont	Shareholder	8% p.a.	-	938	-	-
Khun Kriangkrai Vijitranakit	Shareholder	8% p.a.	-	536	-	-
Khun Pim Wanaprapa	Shareholder	8% p.a.	-	401	-	-
Khun Sumate Techakraisri	Shareholder	8% p.a.	-	1,679	-	-
Khun Chotipol Techakraisri	Shareholder	8% p.a.	-	3,636	-	-
Khun Chumpol Techakraisri	Shareholder	8% p.a.	-	1,032	-	-
Khun Sorapoj Techakraisri	Shareholder	7.075% to 15% p.a.	18,110	30,172	18,110	26,430
YLP Company Limited	Subsidiary company	6.75% p.a.	-	-	7,488	-
IBC Thailand Ltd.	Shareholder	7.5% to 15% p.a.	80,962	124,273	-	-
Total			<u>99,072</u>	<u>162,935</u>	<u>25,598</u>	<u>26,430</u>
<b>Other expenses</b>						
Dean & Deluca (Thailand) Co., Ltd.	Related company	Mutual negotiation	1,030	975	296	206
Lumpini Property Management Co., Ltd.	Related company	Mutual negotiation	383	256	-	-
Fierce Publishing Co., Ltd.	Related company	Mutual negotiation	-	75	-	-
Total			<u>1,413</u>	<u>1,306</u>	<u>296</u>	<u>206</u>

The outstanding balances with related parties as at December 31, 2013 and 2012 in the consolidated financial statements are as follows:

	Consolidated Financial Statements (In Thousand Baht)				
	Balance as at December 31,			Effect of change in consolidation method	Balance as at December 31,
	2012	Increase	Decrease		2013
Unbilled trade account receivables					
Dean & Deluca (Thailand) Co., Ltd.	-	2,022	-	-	2,022
Fourteen Points Company Limited	-	592	-	-	592
Total	-	2,614	-	-	2,614
Other receivables					
Dean & Deluca (Thailand) Co., Ltd.	353	1,256	(1,186)	283	706
Pace Project One Co., Ltd.	4	4,004	(83)	(3,925)	-
Pace Project Two Co., Ltd.	969	15,836	(7,459)	(9,346)	-
Pace Project Three Co., Ltd.	29	2,190	(180)	(2,039)	-
Pace Real Estate Co., Ltd.	125	45	-	(170)	-
Total	1,480	23,331	(8,908)	(15,197)	706
Interest receivables from subsidiaries					
Pace Project One Co., Ltd.	53,746	13,158	-	(66,904)	-
Pace Project Two Co., Ltd.	58,411	12,140	-	(70,551)	-
Pace Project Three Co., Ltd.	14,985	3,518	-	(18,503)	-
Pace Real Estate Co., Ltd.	11,423	2,232	-	(13,655)	-
Total	138,565	31,048	-	(169,613)	-
Long-term loans to subsidiaries					
Pace Project One Co., Ltd.	342,234	33,617	-	(375,851)	-
Pace Project Two Co., Ltd.	349,274	-	(85,750)	(263,524)	-
Pace Project Three Co., Ltd.	80,625	55,000	-	(135,625)	-
Pace Real Estate Co., Ltd.	60,000	-	-	(60,000)	-
Total	832,133	88,617	(85,750)	(835,000)	-
Other payables to related companies					
Pace Development Co., Ltd.	242	-	(18)	242	466
Dean & Deluca (Thailand) Co., Ltd.	156	1,029	(1,222)	72	35
Lumpini Property Management Co., Ltd.	43	382	(382)	43	86
Total	441	1,411	(1,622)	357	587

## Consolidated Financial Statements (In Thousand Baht)

	Balance as at December 31,			Effect of change in consolidation method	Balance as at December 31,
	2012	Increase	Decrease		2013
Advances received from customers					
Khun Apichart Kasemkulsiri (shareholder)	9,514	-	-	-	9,514
Khun Teera Vayakornvijit (director of subsidiary)	6,353	-	(6,353)	-	-
Khun Sumate Techakraisri (shareholder)	-	327	-	-	327
Khun Chumpol Techakraisri (shareholder)	-	327	-	-	327
Dynasty Apparel Co., Ltd. (directorship)	-	327	-	-	327
Total	15,867	981	(6,353)	-	10,495

Short-term loans from shareholder  
and accrued interest

Khun Sorapoj Techakraisri					
- Principal	505,750	27,000	(532,750)	-	-
- Accrued interest	26,430	18,110	(44,540)	-	-
Total	532,180	45,110	(577,290)	-	-

Loans from Khun Sorapoj Techakraisri are unsecured loans and are paid the entire amount in August 2013. These loans bear interest at the rates 7.075% to 7.275% per annum.

## Consolidated Financial Statements (In Thousand Baht)

	Balance as at December 31,			Effect of change in consolidation method	Balance as at December 31,
	2012	Increase	Decrease		2013
Long-term loans from shareholders and accrued interest					
Loans from shareholders of the Pace Group	832,132	248,618	(686,950)	835,000	1,228,800
Accrued interest	656,515	80,962	(333,000)	687,564	1,092,041
Total	1,488,647	329,580	(1,019,950)	1,522,564	2,320,841

Shareholder loans of the Pace Group are the unsecured loans, which were obtained under the shareholder loan agreements. The significant details are follows:

- Loans are due upon the lenders' written demand given at least 30 days in advance.
- Loans are to be subordinated to long-terms from the financial institutions as discussed in Note 21.
- These loans bear interest at the rates of 7.5% per annum for the year ended December 31, 2013 and 7.5% per annum to 15% per annum for the year ended December 31, 2012.
- All unpaid and accrued interest under the agreements, which are overdue for more than one year, shall be compounded

and added to the principal and the whole amount shall therefore bear interest at the rate of 15% per annum. However, according to the amendment to shareholder loan agreement on November 14, 2012, accrued interest is not compounded commencing from October 1, 2012 onwards.

- e) The borrowers are responsible for withholding tax and other expenses.

On August 7, 2013, the Company purchased 9% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 17.68% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. and was assigned 36% of the right of loans from IBC Thailand Ltd. with the following purchase price:

	<u>In Thousand Baht</u>
Investments in common shares of the Pace Group	85,780
Transfer the right of loans and accrued interest	934,200
Total	<u>1,019,980</u>

On August 7, 2013, the Company has entered into the loan agreements with the Pace Group for the above transfer the right of loans and accrued interest. The significant details are follows:

- a) Loans are due upon the lenders' written demand given at least 30 days in advance.
- b) Loans are to be subordinated to the loans from the financial institutions as discussed in Note 21.
- c) These loans bear interest at the rates of 7.5% per annum for the year ended December 31, 2013.
- d) The borrowers are responsible for withholding tax and other expenses.

#### MANAGED SERVICES AGREEMENT

The Pace Development Corporation Group have entered into Managed Services Agreement dated August 14, 2008 with Pace Development Co., Ltd., a related company, whereby the latter will provide the services as indicated in agreements. In consideration thereof, the Pace Development Corporation Group is committed to pay service fees of Baht 5 million per month to such related company.

On September 1, 2011, the Pace Development Corporation Group entered into novation agreement to transfer the right and obligation under Managed Services Agreement between Pace Development Co., Ltd. (Assignor) and the Company (Assignee) for novation and obligation under conditions as indicated in Managed Services Agreement.

Subsequently on January 6, 2014, the Company entered in to the amendment Managed Services Agreement to extend the service period to the Pace Group until the completion of the project with the service fees of Baht 5 million per month. Such service fees are repayable within 30 days after the date of receipt of an invoice which can be billed after the completion of the project of the Pace Group and the completion of the construction loan repayment of the project.



The outstanding balances with related parties as at December 31, 2013 and 2012 in the separated financial statements are as follows:

	Separate Financial Statements (In Thousand Baht)			
	Balance as at			Balance as at
	December 31, 2012	Increase	Decrease	December 31, 2013
<b>Other receivables</b>				
Pace Project One Co., Ltd.	9	15,914	(441)	15,482
Pace Project Two Co., Ltd.	1,937	116,140	(81,084)	36,993
Pace Project Three Co., Ltd.	58	8,690	(754)	7,994
Pace Real Estate Co., Ltd.	250	154	-	404
Total	2,254	140,898	(82,279)	60,873
<b>Interest receivables from subsidiaries</b>				
Pace Project One Co., Ltd.	107,492	67,886	-	175,378
Pace Project Two Co., Ltd.	116,823	58,033	-	174,856
Pace Project Three Co., Ltd.	29,969	26,323	-	56,292
Pace Real Estate Co., Ltd.	22,846	11,290	-	34,136
Total	277,130	163,532	-	440,662
<b>Long-term loans to subsidiaries</b>				
Pace Project One Co., Ltd.	684,467	504,846	-	1,189,313
Pace Project Two Co., Ltd.	698,548	459,929	(171,500)	986,977
Pace Project Three Co., Ltd.	161,251	410,330	-	571,581
Pace Real Estate Co., Ltd.	120,000	76,329	-	196,329
Total	1,664,266	1,451,434	(171,500)	2,944,200
<b>Other payable to related company</b>				
Dean & Deluca (Thailand) Co., Ltd.	117	296	(398)	15
<b>Advances received from customers</b>				
Khun Sumate Techakraisri (shareholder)	-	327	-	327
Khun Chumpol Techakraisri (shareholder)	-	327	-	327
Dynasty Apparel Co., Ltd. (directorship)	-	327	-	327
Total	-	981	-	981

	Separate Financial Statements (In Thousand Baht)			
	Balance as at			Balance as at
	December 31, 2012	Increase	Decrease	December 31, 2013
<b>Short-term loans from subsidiary</b>				
YLP Company Limited				
- Principal	-	280,000	(75,000)	205,000
- Prepaid interest expense	-	(8,147)	7,488	(659)
Net	-	271,853	(67,512)	204,341
<b>Short-term loans from shareholder and accrued interest</b>				
Khun Sorapoj Techakraisri				
- Principal	505,750	27,000	(532,750)	-
- Accrued interest	26,430	18,110	(44,540)	-
Total	532,180	45,110	(577,290)	-

**Long-term loans to subsidiaries**

The Company entered into long-term loans agreements with subsidiaries. These loans are unsecured loans. The significant details are follows:

- Loans are due upon the lenders' written demand given at least 30 days in advance.
- Loans are to be subordinated to the loans from the financial institutions as discussed in Note 21.
- These loans bear interest at the rates of 7.5% per annum for the year ended December 31, 2013 and 7.5% per annum to 15% per annum for the year ended December 31, 2012.
- All unpaid and accrued interest under the agreements, which are overdue for more than one year, shall be compounded and added to the principal and the whole amount shall therefore bear interest at the rate of 15% per annum. However, according to the amendment to shareholder loan agreement on November 14, 2012, accrued interest is not compounded commencing from October 1, 2012 onwards.
- The borrowers are responsible for withholding tax and other expenses.

**5. CASH AND CASH EQUIVALENTS**

	In Thousand Baht			
	Consolidated Financial Statements		The Separate Financial Statements	
	2013	2012	2013	2012
Cash on hand	39	39	29	29
Cash at bank – current accounts	35	49	-	-
Cash at bank – savings accounts	1,039,210	134,559	4,412	226
Total	1,039,284	134,647	4,441	255

## 6. TRADE ACCOUNT RECEIVABLES - NET

The aging analyses of trade account receivables as at December 31, 2013 and 2012 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		The Separate Financial Statements	
	2013	2012	2013	2012
Within credit term	13,346	-	-	-
Overdue				
- Over 6 months to 12 months	10	328	10	328
- Over 12 months	328	-	328	-
Total	13,684	328	338	328
Less: Allowance for doubtful accounts	(338)	-	(338)	-
Net	13,346	328	-	328
Doubtful debts during the year	338	-	338	-

In 2013, YLP Company Limited has made sale agreement and transferred the ownership of 3 residential condominium units in Saladaeng Residences Project to its customer with the total sale value of Baht 97.3 million. The subsidiary has received the payment of Baht 84.0 million and the remaining amounting to Baht 13.3 million was paid by postdate cheque with the due date on January 30, 2014. As at December 31, 2013, such remaining amount was recorded as part of trade account receivable in the consolidated statement of financial position. Subsequently on February 11, 2014 and February 26, 2014, the subsidiary received full remaining amount.

## 7. INVENTORIES

	Consolidated Financial Statements (In Thousand Baht)					
	Ficus Lane Project		Saladaeng Residences Project		Total	
	2013	2012	2013	2012	2013	2012
Residential condominium units						
- Units with sale agreements	14,542	14,542	69,256	184,537	83,798	199,079
- Units not been sold	30,432	30,432	15,930	59,520	46,362	89,952
Total residential condominium units	44,974	44,974	85,186	244,057	130,160	289,031
Furniture for sale					-	4,043
Land held for sale					14,160	14,160
Total					144,320	307,234

	Separate Financial Statements (In Thousand Baht)	
	2013	2012
Residential condominium units of Ficus Lane Project		
- Units with sale agreements	14,542	14,542
- Units not been sold	30,432	30,432
Total residential condominium units	44,974	44,974
Land held for sale	14,160	14,160
Total	59,134	59,134

### The Company

As at December 31, 2013 and 2012, a residential condominium unit which the Company has made sale agreement with its customer and the customer has moved into unit. However, the Company has not received full payment and has not transferred the right to that customer. As at December 31, 2013 and 2012, the Company recorded the amount received from customer based on installments of Baht 18.2 million and Baht 17.3 million, respectively, as advances received from customers in the statements of financial position.

During the year 2013, the Company had transferred residential condominium unit and equipment for rent of Ficus Lane Project which have carrying value totalling Baht 25.2 million to inventories as discussed in Note 13. Subsequently, these assets were sold to a non-related party.

The Company engaged an independent appraisal firm to appraise the value of the remaining land held for sale and residential condominium units by using the market comparison approach. Land held for sale has an appraisal value as per report dated December 11, 2013 and November 7, 2012 of Baht 26.0 million and Baht 23.6 million, respectively (cost as at December 31, 2013 and 2012 amounting Baht 14.2 million) and residential condominium units of Ficus Lane project have appraisal values totaling Baht 94.0 million as at December 31, 2013 and 2012 (cost totalling Baht 45.0 million as at December 31, 2013 and 2012) as per report dated December 11, 2013 and November 5, 2012.

Certain residential condominium units of Ficus Lane project, which have carrying value totalling Baht 38.1 million are pledged as collateral for bank overdraft line as at December 31, 2013 and 2012 as discussed in Note 18 and long-term loans from financial institutions as at December 31, 2012 as discussed in Note 21.

Land held for sale, which has carrying value as at December 31, 2013 and 2012 of Baht 14.2 million, is pledged as collateral for litigation case as discussed in Note 23.

### Subsidiary

The Company engaged an independent appraisal firm to appraise the value of the remaining residential condominium units of subsidiary by using the market comparison approach. Such residential condominium units of Saladaeng Residences Project have appraisal values totalling Baht 142.9 million for the remaining units as per report dated December 12, 2013 (costs as at December 31, 2013 totalling Baht 85.2 million) and Baht 405.1 million as per report dated November 6, 2012 (costs as at December 31, 2012 totalling Baht 244.1 million).

## 8. INVESTMENT IN COMMON SHARES OF SUBSIDIARIES - AT COST

As at December 31, 2013 and 2012, investments in common shares of subsidiaries are as follows:

Subsidiary	Country of Registration	Type of Business	Paid-up Share Capital (In Million Baht)	Percentage of Ownership (%)		Separate Financial Statements (In Thousand Baht) Cost Method	
				2013	2012	2013	2012
YLP Company Limited	Thailand	Property development	50	100	100	50,000	50,000
Pace Real Estate Co., Ltd.	Thailand	Investment in common shares	10.2	67.68	50	8,391	5,000
Pace Project One Co., Ltd.	Thailand	Hotel	200	34	25	82,992	50,000
Pace Project Two Co., Ltd.	Thailand	Luxury condominium	200	34	25	82,992	50,000
Pace Project Three Co., Ltd.	Thailand	Shopping centre	100	34	25	41,497	25,000
Total						265,872	180,000

During the second quarter of 2013, the Company received dividend income amounting Baht 120 million from YLP Company Limited.

On August 7, 2013, the Company additionally purchased 9% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 17.68% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Notes 4 and 16.

All of the Pace Group's shares held by the shareholders are pledge as collateral for credit facilities of subsidiaries as discussed in Note 21.

## 9. ADVANCES PAYMENT FOR LAND

On November 27, 2012, the Company has entered into the agreements to purchase and to sell land for new project with a group of persons and a company at the amount of Baht 193.5 million and Baht 224.0 million, respectively. The ownerships on such land shall be transferred to the Company by such group of persons and a company within March 15, 2013 and April 1, 2013, respectively. Expenses relating to the transfer of ownerships shall be absorbed by the buyer and the seller as indicated in the agreements. As at December 31, 2012, the Company made advances payment for land totalling Baht 52.1 million and recorded such payment as "advances payment for land" in the statement of financial position.

Subsequently, in the year 2013, the Company made the 3 amendment agreements with the above group of persons and a company and change the selling price to Baht 199.8 million and Baht 231.3 million, respectively. The ownerships on such land were transferred to the Company by such group of persons and a company on August 9, 2013.

On June 20, 2013, the Company has entered into an additional agreement to purchase and to sell land with a person at the amount of Baht 32.4 million. The ownership on such land was transferred to the Company by a person on August 9, 2013. Expenses relating to the transfer of ownership shall be absorbed by the buyer as indicated in the agreements.

As at December 31, 2013, the Company transferred advances payment for land as part of real estate projects for sales under development.

## 10. REAL ESTATE PROJECTS FOR SALES UNDER DEVELOPMENT

The Company has developed real estate projects on the land as indicated in Note 9. Main costs comprise land and capitalized costs such as design fee, interest expense and other fees and excavation and retained wall works.

Land for developing the real estate project and land of the Company which have carrying value as at December 31, 2013 totalling Baht 209.3 million and Baht 260.5 million, respectively were pledged as collateral for short-term loans from financial institution as discussed in Note 18.

## 11. LEASEHOLD RIGHTS ON LAND – NET

			In Thousand Baht	
			Total Amount	The Consolidated
Total rental fee for the periods			Per Agreement	Financial Statements
March 11, 2008	to	March 10, 2038	338,600	169,300
March 11, 2038	to	March 10, 2068	338,600	169,300
March 11, 2068	to	March 10, 2098	338,600	169,300
March 11, 2098	to	March 10, 2111	101,578	50,789
Advance payments for leasehold rights per agreement			1,117,378	558,689
Payments of transfer of leasehold rights per agreement			1,033,000	516,500
Additional payments for lease of adjacent land (additional portion)			56,845	28,422
<b>Total balance as at December 31, 2012</b>			2,207,223	1,103,611
Effect of change in consolidation method			-	1,103,612
<b>Total balance as at December 31, 2013</b>			2,207,223	2,207,223
<b>Accumulated amortization leasehold rights on land</b>				
Balance as at January 1, 2012			80,539	40,269
Amortization charged to expense during the year			8,262	4,131
Transferred amortization to capitalize as assets during the year (Note 12)			13,178	6,589
<b>Balance as at December 31, 2012</b>			101,979	50,989
Effect of change in consolidation method			-	56,350
Amortization charged to expense during the year			5,508	4,131
Transferred amortization to capitalize as assets during the year (Note 12)			15,933	11,950
<b>Balance as at December 31, 2013</b>			123,420	123,420
<b>Net Book Value</b>				
<b>As at December 31, 2012</b>			2,105,244	1,052,622
<b>As at December 31, 2013</b>			2,083,803	2,083,803

On March 11, 2008, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. ("the Pace Group") have entered into the amendment land lease agreement in relation to the framework agreement dated August 14, 2007 among the Catholic Mission of Bangkok (lessor) and the Pace Group (lessees). In this connection, the parties have agreed to amend certain conditions relation to the framework agreement which were made between the lessor and a foreign company by which the lessees have already made the novation agreement to accept the transfer of all rights and obligations from such foreign company to them. The lessees agreed to pay rental fees to lessor for the lease of assets as



indicated in agreement. The lessees will pay for the annual rental fee for the whole period of agreement and the right to extend the period of agreement totalling 103 years starting from March 11, 2008 (grace period of rental fee is for a period of 4 years starting from March 11, 2107 to March 10, 2111). The lessees have already paid all of the rental fees amounting to Baht 1,117.4 million to the lessor.

On March 11, 2008, the lessor and lessees have entered into Land Lease Agreement (and buildings thereon) for a period of 30 years starting from March 11, 2008 to March 10, 2038, by which the lessor wishes to rent out “the rental property” and the lessees wish to lease “the rental property” under the terms and conditions as per agreement, which the lessees have duty to operate and responsible for costs in relation to the construction of buildings located or will be constructed in land and adjacent land.

The payments of transfer of leasehold right per agreement Baht 1,033.0 million, which the portion of Baht 490 million was paid by the issuance of the Pace Group common shares as approved by the resolutions of the extraordinary shareholders’ meeting and the statutory meetings as follows:

Pace Project One Co., Ltd.	1,900,000 shares at Baht 100 par value
Pace Project Two Co., Ltd.	1,999,992 shares at Baht 100 par value
Pace Project Three Co., Ltd.	999,992 shares at Baht 100 par value

On April 27, 2009, the Pace Group has entered into an agreement to purchase and to sell land with a group of persons at the amount of Baht 55 million, whereby Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. share at 40% each and Pace Project Three Co., Ltd. shares at 20% (previous proportion). The Pace Group has paid deposits of Baht 25 million to the seller. As indicated in the agreement, the ownership of land will be transferred to the Pace Group or to the other party, as informed by the purchaser, within December 30, 2009, and the remaining amount of Baht 30 million will be paid on the registration date to transfer the ownership of land.

On May 14, 2009, the Pace Group made an amendment to the purchase and to sell land agreement to extend the registration date to transfer the ownership of land to be within March 31, 2010. During the extension period, the Pace Group agreed to pay to the seller at the rate of 10% per annum of the remaining amount of Baht 30 million, calculating on a daily basis.

On April 9, 2010, the Pace Group has entered into the second amendment agreement in relation to the framework agreement dated August 14, 2007 with the lessor, which they have agreed to amend certain conditions of the previous amendment agreement, such as to change the ownership of all building located or will be constructed in land and adjacent land to be owned by the lessees and have agreed for the terms and conditions for the lease of adjacent land (additional portion).

The Pace Group paid the remaining amount of the purchase and to sell land agreement of Baht 30 million and the related fees of Baht 1.8 million. To comply with the obligation in the second amendment agreement in relation to the framework agreement dated August 14, 2007, the lessor and the lessees have agreed that the total payment by the lessees to the land’s seller is treating as the payment for rental fee for the lease of adjacent land (additional portion). The Pace Group recorded such payment as “leasehold rights on land” in the consolidated statements of financial position as at December 31, 2013 and 2012.

The above leasehold rights on land were allocated among Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. at the revised proportion as discussed in Notes 2 and 3.

Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (“the subsidiaries”) had leasehold rights on land totalling Baht 2,207.2 million (total cost as at December 31, 2013 and 2012 and total cost in the consolidated financial statements as at December 31, 2013) and Baht 1,103.6 million (total cost in consolidated financial statements as at December 31, 2012). Under Thai Accounting Standard (TAS) No. 17 “Leases”, lease of land is treated as an operating lease. Therefore, leasehold rights on land represent the prepaid rent and will be charged to expenses or capitalized to qualifying assets over the lease term.

On May 22, 2012 and July 18, 2012, subsidiaries had entered into the agreement to purchase and to sell additional portion land for MahaNakhon Project with a group of persons at the total amount of Baht 295 million. The additional portion of land will be utilized by Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. based on the car park construction floor area at the proportion of 27.39% and 72.61%, respectively. The ownership on such land shall be transferred to Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. and expenses relating to the transfer of ownership shall be absorbed by Pace

Project One Co., Ltd. and Pace Project Two Co., Ltd. As at December 31, 2012, Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. had paid advances of Baht 102.8 million and recorded as “advances payment for leasehold rights on land” of Baht 51.4 million in the consolidated statement of financial position as at December 31, 2012.

In 2013, the ownership of such additional portion of land has been transferred to Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. Hence, the Pace Development Corporation Group recorded cost of land and expenses relating to transfer of the ownership as “Land” totalling Baht 308.5 million in the consolidated statement of financial position as at December 31, 2013.

Such land is pledged as collateral for credit facilities from financial institutions as discussed in Note 21.

## 12. CONSTRUCTION IN PROGRESS

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2012	554,159	-
Additions	296,296	-
Borrowing costs capitalized during the year	71,548	-
Capitalized amortization of leasehold rights on land during the year (Note 11)	6,589	-
<b>Balance as at December 31, 2012</b>	<b>928,592</b>	<b>-</b>
Effect of change in consolidation method	1,180,069	-
Additions	1,000,143	96,988
Borrowing costs capitalized during the year	90,891	3,684
Capitalized amortization of leasehold rights on land during the year (Note 11)	11,950	-
Capitalized amortization of deferred loan arrangement fee during the year	24,108	592
Transfers to property for lease (Note 15)	(142,392)	-
<b>Balance as at December 31, 2013</b>	<b>3,093,361</b>	<b>101,264</b>

Construction in progress as at December 31, 2013 and 2012 mainly represents capitalized costs such as design fee, consulting fee, interest expenses and other fees, amortized portion of leasehold rights on land and deferred loan arrangement fee and piling, sub-structure, underground works, main and cube building works and facade work and mechanical, electrical and plumbing system, lifts and escalators systems, hardscape landscaping works and interior decoration of cube building which are directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Pace Group has mortgaged construction in progress of the project with a local financial institution as collateral for long-term loans from financial institution as discussed in Note 21.

### 13. RESIDENTIAL CONDOMINIUM UNIT AND EQUIPMENT FOR RENT – Net

	Consolidated Financial Statements/ Separate Financial Statements (In Thousand Baht)		
	Residential condominium unit	Furniture and equipment	Total
<b>Cost</b>			
Balance as at January 1, 2012 and December 31, 2012	18,373	11,220	29,593
Transfer to inventories (Note 7 )	(18,373)	(11,220)	(29,593)
<b>Balance as at December 31, 2013</b>	-	-	-
<b>Accumulated Depreciation</b>			
Balance as at January 1, 2012	616	753	1,369
Depreciation charge for the year	919	1,122	2,041
<b>Balance as at December 31, 2012</b>	1,535	1,875	3,410
Depreciation charge for the year	440	538	978
Transfer to inventories (Note 7 )	(1,975)	(2,413)	(4,388)
<b>Balance as at December 31, 2013</b>	-	-	-
<b>Net Book Value</b>			
<b>As at December 31, 2012</b>	16,838	9,345	26,183
<b>As at December 31, 2013</b>	-	-	-

Residential condominium unit and equipment for rent, which has carrying value as at December 31, 2012 amounting to Baht 26.2 million, is pledged as collateral for bank overdrafts from local financial institution as discussed in Note 18 and long-term loan from financial institution as discussed in Note 21.

## 14. LEASEHOLD IMPROVEMENT, SALES GALLERY AND EQUIPMENT – NET

	Consolidated Financial Statements (In Thousand Baht)				
	Sales gallery	Leasehold improvement	Office equipment	Vehicles	Total
<b>Cost</b>					
Balance as at January 1, 2012	113,962	5,728	6,801	4,484	130,975
Additions	262	-	1,636	6,200	8,098
Write off	-	-	(78)	-	(78)
<b>Balance as at December 31, 2012</b>	<b>114,224</b>	<b>5,728</b>	<b>8,359</b>	<b>10,684</b>	<b>138,995</b>
Effect of change in consolidation method	114,224	-	1,501	-	115,725
Additions	3,067	-	4,498	4,423	11,988
Disposals	-	-	(56)	(65)	(121)
<b>Balance as at December 31, 2013</b>	<b>231,515</b>	<b>5,728</b>	<b>14,302</b>	<b>15,042</b>	<b>266,587</b>
<b>Accumulated Depreciation</b>					
Balance as at January 1, 2012	19,931	188	824	264	21,207
Depreciation charge for the year	12,494	1,146	1,455	1,067	16,162
Write off	-	-	(22)	-	(22)
<b>Balance as at December 31, 2012</b>	<b>32,425</b>	<b>1,334</b>	<b>2,257</b>	<b>1,331</b>	<b>37,347</b>
Effect of change in consolidation method	55,134	-	758	-	55,892
Depreciation charge for the year	23,435	1,145	2,211	2,612	29,403
Disposals	-	-	(17)	(65)	(82)
<b>Balance as at December 31, 2013</b>	<b>110,994</b>	<b>2,479</b>	<b>5,209</b>	<b>3,878</b>	<b>122,560</b>
<b>Net Book Value</b>					
Owned assets	81,799	4,394	6,102	1,106	93,401
Assets under finance lease	-	-	-	8,247	8,247
<b>As at December 31, 2012</b>	<b>81,799</b>	<b>4,394</b>	<b>6,102</b>	<b>9,353</b>	<b>101,648</b>
Owned assets	120,521	3,249	8,970	812	133,552
Assets under finance lease	-	-	123	10,352	10,475
<b>As at December 31, 2013</b>	<b>120,521</b>	<b>3,249</b>	<b>9,093</b>	<b>11,164</b>	<b>144,027</b>

As at December 31, 2012, sales gallery is mortgaged with a local financial institution as collateral for long-term loans from a local financial institution as discussed in Note 21 (2013: Nil).

	Separate Financial Statements (In Thousand Baht)			
	Leasehold improvement	Office equipment	Vehicles	Total
<b>Cost</b>				
Balance as at January 1, 2012	5,728	5,174	4,418	15,320
Additions	-	1,187	-	1,187
<b>Balance as at December 31, 2012</b>	<b>5,728</b>	<b>6,361</b>	<b>4,418</b>	<b>16,507</b>
Additions	-	4,479	4,423	8,902
Disposals	-	(56)	-	(56)
<b>Balance as at December 31, 2013</b>	<b>5,728</b>	<b>10,784</b>	<b>8,841</b>	<b>25,353</b>
<b>Accumulated Depreciation</b>				
Balance as at January 1, 2012	188	366	198	752
Depreciation charge for the year	1,146	1,106	884	3,136
<b>Balance as at December 31, 2012</b>	<b>1,334</b>	<b>1,472</b>	<b>1,082</b>	<b>3,888</b>
Depreciation charge for the year	1,145	1,709	1,372	4,226
Disposals	-	(17)	-	(17)
<b>Balance as at December 31, 2013</b>	<b>2,479</b>	<b>3,164</b>	<b>2,454</b>	<b>8,097</b>
<b>Net Book Value</b>				
Owned assets	4,394	4,889	1,106	10,389
Assets under finance lease	-	-	2,230	2,230
<b>As at December 31, 2012</b>	<b>4,394</b>	<b>4,889</b>	<b>3,336</b>	<b>12,619</b>
Owned assets	3,249	7,497	812	11,558
Assets under finance lease	-	123	5,575	5,698
<b>As at December 31, 2013</b>	<b>3,249</b>	<b>7,620</b>	<b>6,387</b>	<b>17,256</b>

The gross carrying amounts of the Company's certain equipment totalling approximately Baht 0.2 million were fully depreciated as at December 31, 2013 and 2012 (of the Pace Development Corporation Group approximately Baht 0.2 million) but these items are still in active use.

## 15. PROPERTY FOR LEASE - NET

	In Thousand Baht			
	Building and improvement – cube building	Mechanical, electrical and plumbing, lifts and escalator works	Interior decoration and landscape	Total
<b>Cost</b>				
Balance as at January 1, 2013	-	-	-	-
Transfers from construction in progress (Note 12)	91,490	46,421	4,481	142,392
<b>Balance as at December 31, 2013</b>	<u>91,490</u>	<u>46,421</u>	<u>4,481</u>	<u>142,392</u>
<b>Accumulated Depreciation</b>				
Balance as at January 1, 2013	-	-	-	-
Depreciation charge for the year	208	260	100	568
<b>As at December 31, 2013</b>	<u>208</u>	<u>260</u>	<u>100</u>	<u>568</u>
<b>Net Book Value</b>				
<b>As at December 31, 2013</b>	<u>91,282</u>	<u>46,161</u>	<u>4,381</u>	<u>141,824</u>

Such property for lease is pledged as collateral for credit facilities from financial institutions as discussed in Note 21.

As at December 31, 2013, cost of property for lease is not yet appraised since it partially completed.

## 16. BUSINESS COMBINATIONS BY ACQUISITION METHOD

At the Board of Directors' meeting of the Company held on February 8, 2013, the Board of Directors approved the Company to additionally purchase common shares of the Pace Group. On August 7, 2013, the Company additionally purchased 9% shares of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 17.68% shares of Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. and was assigned 36% of the right of loans from IBC Thailand Ltd. to Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. with the purchase price totalling Baht 1,020.0 million. Details of common shares of the Pace Group additionally purchased are as follows:

	Number of Shares (Direct and Indirect) (In Thousand Shares)	Percentage of Ownership (Direct and Indirect) (%)
Pace Real Estate Co., Ltd.	18,000	17.68%
Pace Project One Co., Ltd.	180,000	17.84%
Pace Project Two Co., Ltd.	180,000	17.84%
Pace Project Three Co., Ltd.	90,000	17.84%

In this regard, the Company has applied Thai Financing Reporting Standards No. 3 (revised 2009) Business Combinations to recognize the business combination transactions. The following summarizes the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed:



**Identifiable Assets Acquired and Liabilities Assumed**

	<b><u>In Thousand Baht</u></b>
Cash and cash equivalents	247,761
Other receivables from related companies	283
Refundable value added tax	11,155
Other current assets	2,213
Restricted savings deposit	17,500
Leasehold rights on land - net	1,047,262
Advance payments to construction	138,682
Construction in progress	1,251,329
Land	154,269
Sales gallery and equipment - net	59,833
Deferred income tax assets	118,170
Other non-current assets	132
Trade account payables	(179,056)
Other payables to related companies	(15,837)
Other account payables	(22,799)
Advances and deposits received from customers	(676,795)
Retention payables to contractors	(7,817)
Accrued expenses	(1,953)
Other current liabilities	(1,710)
Loans and accrued interest from shareholders	(2,527,177)
Long-term loans from financial institutions	(479,842)
Net liabilities	(864,397)
Less: Net liabilities – attributable to non-controlling interests	556,644
Net liabilities – attributable to the Company	(307,753)
Goodwill from additional purchase of investments	393,533
Consideration transferred (Cash)	85,780

The Company engaged an independent financial advisor to assess the fair value of the Pace Group. Based on such independent financial advisor's reports dated February 15, 2013 and December 17, 2013, the consideration transferred was approximately fair value of the Pace Group.

For the preparation of the consolidated financial statements for the year ended December 31, 2013, the Company has provisionally estimated the fair values of the consideration received from the acquired businesses, and measured components of non-controlling interests at fair value and recorded the difference amount between the purchasing price and the value of consideration received in the account "Goodwill" amounting to Baht 393.5 million by considering the information from such independent financial advisor's reports dated February 15, 2013 and December 17, 2013 and other relevant factors which may affect such information. The factors that contributed to goodwill derived from discounted cash flows from long-term units lease project of Pace Project Two Co., Ltd. and shopping centre, retail space and sky observation deck project of Pace Project Three Co., Ltd. Goodwill from the business combination will not qualify for any tax deduction.

### Investment in the Pace Group before Business Combinations

Before the business combinations, the Company had an investment in the Pace Group of 50% ownership interests. The Company had to measure the fair value of the interest in the Pace Group before the business combinations as at the date of acquisition. The management considered that purchasing share price acquired from IBC Thailand Ltd. and IDJ Holding Ltd. on August 7, 2013 which has been given opinion from the independent financial advisor and was approved by the Board of Directors. In addition, there has no material change in financial assumption since the events after the report date of financial advisory to the acquisition date (updated by such dependent financial advisor's report dated December 17, 2013). The treatment on this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on November 14, 2013, which approved the purchasing and selling price of Baht 183.29 per shares as fair value at acquisition date. In this regard, the Company had loss on derecognition of discount on business combinations under common control - net amounting to Baht 584.1 million which was presented in the consolidated statement of comprehensive income for the year ended December 31, 2013, details are as follows:

	<b>In Thousand Baht</b>
Loss on derecognition of discount on business combinations under common control	692,405
Gain on changes in fair value of investments	(108,355)
Loss on derecognition of discount on business combinations under common control - net	<u>584,050</u>

Gain on changes in fair value of investments in the Pace Group before business combinations is calculated as follows:

	<b>In Thousand Baht</b>
Fair value of existing interest in the Pace Group before the date of business combinations	238,447
Less: Investments in the Pace Group accounted for cost method at the acquisition date	(130,092)
Gain on changes in fair value of investments	<u>108,355</u>

As at December 31, 2013, goodwill presented in the consolidated statement of financial position is as follows:

	<b>In Thousand Baht</b>
Goodwill from additional purchase of investments	393,533
Gain on changes in fair value of investments	108,355
Total	501,888
Less Allowance for impairment loss	(65)
Net	<u>501,823</u>

As at December 31, 2013, the ownership interests (direct and indirect) of the Company in Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd. increased from 50% to 67.84%, 67.84%, 67.84% and 67.68%, respectively.

### Operations of the Pace Group after Acquisition Date

The consolidated statements of comprehensive income for the year ended December 31, 2013 were included the operations of the Pace Group by following method:

	<b>Method of Consolidation</b>
During the period from January 1, 2013 to June 30, 2013	Proportionate
During the period from July 1, 2013 to December 31, 2013	Full

Significant details based on the method of consolidation above were as follows:

	<u>In Thousand Baht</u>
Revenues	5,322
Expenses	167,816
Loss for the year attributable to owners of the parent	(310,463)

If the acquisition of such investments in the Pace Group had occurred on January 1, 2013, revenues, expenses and loss for the year attributable to owners of the parent for year ended December 31, 2013 would have been as follows:

	<u>Pro Forma Figures (In Thousand Baht)</u>
Revenues	6,672
Expenses	271,154
Loss for the year attributable to owners of the parent	(442,694)

In addition, the Company fully included operations of the Pace Group during the period from July 1, 2013 to August 7, 2013 (acquisition date) in the preparation of the consolidated statement of comprehensive income for the year ended December 31, 2013 since the Company's management considered that the operations during such period would have no material impact on the consolidated statement of comprehensive income for the year ended December 31, 2013.

## 17. DEFERRED INCOME TAX ASSETS

	<u>In Thousand Baht</u>			
	<u>Consolidated Financial Statements</u>		<u>The Separate Financial Statements</u>	
	<u>2012</u>		<u>2012</u>	
	<u>2013</u>	<u>"Restated"</u>	<u>2013</u>	<u>"Restated"</u>
Income tax expense - current tax	(16,564)	(72,270)	(5,674)	(37,957)
Tax effects from deferred income tax of temporary differences				
- Recognize revenue from sale of residential condominium units	(1,016)	(11,100)	-	(2,307)
- Loss carry forward	16,102	10,046	-	-
- Capitalize expenses and interest as part of leasehold rights on land	12,631	11,549	-	-
- Depreciation	4,859	2,671	172	172
- Capitalize interest as part of land	2,100	96	2,100	96
- Others	160	150	160	150
Income tax income (expense)	<u>18,272</u>	<u>(58,858)</u>	<u>(3,242)</u>	<u>(39,846)</u>

Reconciliations between income tax income (expense) and accounting profit (loss) multiplied by the applicable tax rate for each of the years ended December 31, 2013 and 2012 are as follows:

	In Thousand Baht			
	Consolidated		The Separate	
	Financial Statements		Financial Statements	
	2012		2012	
	2013	"Restated"	2013	"Restated"
Accounting profit (loss) before tax	(859,316)	100,422	130,165	177,094
Income tax rates at 20% in 2013 and 23% in 2012	171,863	(23,097)	(26,033)	(40,732)
Tax effects from permanent differences				
- Non-deductible expenses	(45,359)	(45,447)	(13,041)	886
- Dividend income from subsidiary	-	-	24,000	-
- Related expenses for share capital increase	11,832	-	11,832	-
- Loss on derecognition of discount on business combination under common control - net	(116,810)	-	-	-
- Unrecognition of tax loss carry forward	(3,254)	6,182	-	-
- Change in income tax rate	-	3,504	-	-
Income tax income (expense)	18,272	(58,858)	(3,242)	(39,846)

The details of deferred income tax assets as at December 31, 2013 and 2012 are as follows:

	Consolidated Financial Statements (In Thousand Baht)			
	(Charged) / Credited to			
	December 31,	Profit	Effect of	December 31,
	2012	for the year	consolidation	2013
			change in	
			method	
Recognize revenue from sale of residential condominium units	5,799	(1,016)	-	4,783
Loss carry forward	32,469	16,102	43,887	92,458
Capitalize expenses and interest as part of leasehold rights on land	59,290	12,631	63,257	135,178
Depreciation	6,685	4,859	11,026	22,570
Capitalize interest as part of land	97	2,100	-	2,197
Others	2,285	160	-	2,445
Total	106,625	34,836	118,170	259,631

	Separate Financial Statements (In Thousand Baht)		
	(Charged) /		
	December 31, 2012	credited to profit for the period	December 31, 2013
Recognize revenue from sale of residential condominium units	2,005	-	2,005
Depreciation	200	172	372
Capitalize interest as part of land	97	2,100	2,197
Others	2,285	160	2,445
Total	4,587	2,432	7,019

**Unrecognized Deferred Income Tax Asset**

As at December 31, 2013 and 2012, the Pace Group did not recognize deferred income tax asset from loss carry forward of Baht 381.2 million and Baht 434.2 million, respectively, since it is not probable that future taxable profit will be available against which such subsidiaries can utilize the benefit therefore.

**18. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTION**

	Interest Rate (% p.a.)		Consolidated/Separate Financial Statements (In Thousand Baht)	
	2013	2012	2013	2012
Bank overdraft	7.525 (MOR-0.25)	7.525 (MOR-0.25)	11,351	14,918
Short-term loan	6.5 (MLR-0.25)	-	235,000	-
Less: Deferred loan arrangement fee			(1,496)	-
Net			233,504	-
Total			244,855	14,918

As at December 31, 2013 and 2012, the Company and subsidiaries have an overdraft lines amounting to Baht 20 million and Baht 30 million, respectively.

The Company committed to comply with certain conditions as indicated in the short-term loan agreement such as maintaining of financial ratio and others.

Such credit facility of the Company is collateralized by mortgaging/pledging of the Company's residential condominium units of Ficus Lane Project and residential condominium unit and equipment for rent as discussed in Notes 7 and 13 and additionally guaranteed by certain shareholders of the Company.

Such credit facility of subsidiaries are guaranteed as discussed in Note 21.

Short-term loans from financial institution will be repayable within the one year from the first drawdown according to the agreement (August 9, 2013). Such loans are collateralized by the Company's land and land for developing the real estate projects as discussed in Note 10.

## 19. SHORT-TERM LOANS

	In Thousand Baht					
	Interest rate (% p.a.)		The Consolidated Financial Statements		The Separate Financial Statements	
	2013	2012	2013	2012	2013	2012
Short-term loans	6.5	-	325,000	-	140,000	-
Less: Prepaid interest expense			(1,503)	-	(890)	-
Net			323,497	-	139,110	-

Short-term loans represented bill of exchange from Asia Plus Securities Public Company Limited which secured by pledging of the Company's shares held by certain shareholders. The repayable periods were as follows:

Repayable period	In Thousand Baht	
	Consolidated Financial Statements	The Separate Financial Statements
- January 17, 2014	165,000	-
- February 4, 2014	120,000	120,000
- February 13, 2014	20,000	-
- February 20, 2014	20,000	20,000
Total	325,000	140,000

## 20. ADVANCES AND DEPOSITS RECEIVED FROM CUSTOMERS

Advances received from customers of the Company represent sport club member fees.

A major portion of advances received from customers of the Pace Group represent fees for reservation of the units in the project of Pace Project Two Co., Ltd. whereby the customers may have rights to cancel or terminate such reservations. Pace Project Two Co., Ltd. will return advances in full amount to customers who cancel or terminate the reservation in according to the specified conditions or will transfer the advances to deposits from the customers when they sign the Unit Lease Purchase Agreement.

As at December 31, 2012, portion of advances received and deposits from customers of Pace Project Two Co., Ltd. (subsidiary) are collateralized by deposits at banks of such subsidiary amounting to Baht 122.2 million (included in the consolidated financial statements of Baht 61.1 million) (2013: Nil).

## 21. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - Net

	In Thousand Baht			
	Consolidated Financial Statements		The Separate Financial Statements	
	2013	2012	2013	2012
Loans from financial institutions	1,751,732	375,310	-	25,310
Less : Deferred loan arrangement fee	(66,214)	-	-	-
	1,685,518	375,310	-	25,310
Less : Portion due within one year	-	(34,375)	-	(16,375)
Net	1,685,518	340,935	-	8,935



## The Company

On February 25, 2011, the Company entered into the memorandum of agreement with a local financial institution to change the condition for repayment of short-term amounting Baht 60 million. The Company agreed to repay principal of loan to the bank by 48 monthly installments starting on February 28, 2011 and subsequently will be repayable on the last working day of each month as the following details:

- 1<sup>st</sup> period to 12th period at amount not less than Baht 1,000,000 per each period
- 13<sup>th</sup> period to 24th period at amount not less than Baht 1,250,000 per each period
- 25th period to 47th period at amount not less than Baht 1,375,000 per each period
- 48<sup>th</sup> period at amount of Baht 1,375,000 or at the remaining amount

The Company has commitment to comply with other conditions as indicated in loan agreement.

These loans are collateralized by mortgaging of the Company's residential condominium units and residential condominium unit and equipment for rent as discussed in Notes 7 and 13 and additionally guaranteed by certain shareholders of the Company.

## Subsidiaries

On May 23, 2011, Pace Project Three Co., Ltd. entered into a facility agreement with a local financial institution to obtain a loan of Baht 700 million (included in the consolidated financial statements as at December 31, 2012 of Baht 350 million) for the financing of construction project purpose by refinancing with short-term loans of such financial institution. The loan bears interest at the rate of MLR minus 0.5% per annum. The loan principal is repayable to such financial institution by 1st period to 12th period at amount Baht 4 million per period and 13th period at amount Baht 652 million on the last business day of each month starting in April 2013 and expiring in April 2014.

During the second quarter 2013, the Pace Group repaid the entire amount of the above loans to such local financial institution.

On March 9, 2012, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have entered into credit facilities agreement with a local financial institution for the credit facilities totalling Baht 5,400 million for the MahaNakhon Project. Subsequently on October 29, 2012, the another local financial institution joined to be a co-lender for these credit facilities of Baht 2,000 million. On May 10, 2013, such subsidiaries entered into an agreement to amend loan agreement with 2 financial institutions with the significant matter of increase in credit facility from Baht 5,400 million to Baht 5,750 million. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht)	
		Amount	Interest rate
A	Hard construction and development costs	5,370	MLR minus 0.25% p.a.
B	Letter of guarantee, letter of credit and trust receipt (if credit facility A is fully utilized, credit facility B will be zero)	170	Indicated in each agreement
C	Bank overdrafts	30	MOR p.a.
D	Letter of guarantee	350	Indicated in each agreement

On May 15, 2013, the Company's audit committee and Board of Directors agreed and approved the Company to enter into an agreement to provide financial support to such subsidiaries for any purposes. This includes in case of that the subsidiaries need additional financial support for their real estate development projects. The Company will irrevocably agree to allow Siam Commercial Bank Public Company Limited to deduct the Company's deposit at Siam Commercial Bank Public Company Limited and transfer to the subsidiaries' deposit accounts.

Subsidiaries are committed to comply with certain conditions as indicated in the facility agreement such as maintaining of financial ratio and others.

Credit facilities are collateralized by the following:

- conditional assignment on framework agreement and lease agreement, leasehold rights on land, management services agreement, construction contracts, management agreement and other agreements with Marriott International Group, Unit Lease Purchase Agreement and Retail Shop Lease Agreement with the customers of subsidiaries,
- the building located or will be constructed on land as discussed in Note 12,
- land owned by lessor to guarantee the lessor's performance on the conditional assignment agreement,
- mortgage of offsite parking land as discussed in Note 11,
- all of the Pace Group's shares held by the shareholders as discussed in Note 8,
- deposits at bank of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. without any restriction use,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project.

## 22. RETENTION PAYABLES TO CONTRACTORS

Retention payables to contractors represent cash deducted from contractors at various percentages of total construction prices for guarantee of work performed by such contractors. The Pace Development Corporation Group will return such retention to contractors after the expired of guarantee period as agreed in the agreements.

## 23. PROVISION FOR LOSS ON LITIGATION CASE

Details of changes in provision for loss on litigation case are as follows:

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2013	2012
Balance as at January 1	9,525	9,400
Additions	125	125
<b>Balance as at December 31</b>	<b>9,650</b>	<b>9,525</b>

On September 13, 2005, the Company was sued from a local company to claim for the damage resulted from the Company's construction project. Subsequently on July 31, 2006, the Court of First Instance determined the Company to pay the compensation of claimed to such company as follows:

- to pay the amount of Baht 1,660,048 plus interest at the rate 7.5% per annum starting from the sued date.
- to pay for the damage of Baht 252,353 per month starting from the sued date until December 31, 2007.

Subsequently on June 28, 2010, the Court of Appeals has sentenced the same as the Court of First Instance.

The Company has recorded a provision for loss including interest as determined by courts in the financial statements as at December 31, 2013 and 2012.

The case is being appealed to the Supreme Court.

Land held for sale is pledged as collateral for such litigation case as discussed in Note 7.

## 24. PROVISION FOR EMPLOYEE RETIREMENT

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2013	2012
Employee retirement benefit as at January 1	1,901	1,278
Current service costs	567	543
Interest expense	108	80
Employee retirement benefit as at December 31	2,576	1,901

Expenses recognized in the statement of comprehensive income for the year ended December 31, 2013 and 2012 are as follows:

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2013	2012
Current service costs	567	543
Interest expense	108	80
Total	675	623

Actuarial assumptions:

Discount rate	4.4% per annum
Future salary increase rate	4.48% per annum
Mortality rate	50% of Thai Mortality Table Year 2008
Disability rate	10% of Thai Mortality Table Year 2008

## 25. SHARE CAPITAL

During July 29 to 31, 2013, the Company offered 600 million shares of Baht 3.50 each to the public for subscription shares. As a result, the Company registered the increase of its issued and paid-up share capital of Baht 1,454.3 million (1,454.3 million common shares at Baht 1 par value) to Baht 2,054.3 million (2,054.3 million common shares at Baht 1 par value) with the Ministry of Commerce on August 2, 2013. The Stock Exchange of Thailand approved the Company's 2,054.3 million common shares as listed securities to be traded on August 7, 2013. The Company incurred expenses relating to the share offering totalling Baht 68.9 million which were presented as a deduction from the premium on common shares.

Basic earnings (loss) per share attributable to owners of the parent are determined by dividing the profit (loss) for the year attributable to owners of the parent by the weighted average number of shares outstanding during the year.

Weighted average number of shares (basic) for each of year ended December 31, 2013 and 2012 are as follows:

	In Million Shares			
	Consolidated		The Separate	
	Financial Statements		Financial Statements	
	2013	2012	2013	2012
Number of shares outstanding as at January 1	1,454.3	1,454.3	1,454.3	1,454.3
Effect of shares issued during the year	251.5	-	251.5	-
Weighted average number of shares (basic)	1,705.8	1,454.3	1,705.8	1,454.3

## 26. LEGAL RESERVE

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit (after deduction of the deficit brought forward, if any) as reserve fund until the reserve fund reaches 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

## 27. EXPENSES BY NATURE

Significant expenses by nature for each of the years ended December 31, 2013 and 2012 are as follows:

	In Thousand Baht			
	Consolidated		The Separate	
	Financial Statements		Financial Statements	
	2013	2012	2013	2012
Employee benefit expenses	59,246	39,789	53,145	29,320
Special business tax	9,216	33,413	1,122	1,502
Marketing fees	47,440	20,382	20,682	-
Commission expenses	48,552	17,600	5,494	1,993
Selling expenses	63,564	11,196	59,336	8,337
Transfer fees	2,633	9,476	548	245
Depreciation and amortization	35,225	22,468	5,308	5,177
Common property management fees	1,984	4,303	1,010	737
Professional fees	4,980	4,036	2,887	1,379
Rental, service and utilities expenses	8,848	7,981	5,588	4,090
Bank charges	2,029	2,188	261	31
Management fee	-	1,418	-	-
Other expenses	21,849	13,421	16,731	4,933
Total expenses	305,566	187,671	172,112	57,744

## 28. MANAGEMENT BENEFIT EXPENSES

The monetary management benefit expense for each of the years ended December 31, 2013 and 2012 are as follows:

Description	In Thousand Baht			
	Consolidated Financial Statements		The Separate Financial Statements	
	2013	2012	2013	2012
Salaries and other benefits	27,320	24,784	24,310	21,917
Meeting allowances	852	784	852	784
Total	28,172	25,568	25,162	22,701

## 29. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 based on the approval from the Securities and Exchange Commission Thailand on October 1, 2011. Under the plan, members and the Company contribute to the fund at 2% to 4% of the employees' basic salaries. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

The Company's contribution for each of the years 2013 and 2012, which were charged to the statement of comprehensive income, amounted to Baht 1.5 million and Baht 1.2 million, respectively

## 30. OPERATING SEGMENTS

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Board of Directors in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Pace Development Corporation Group is organized into business units based on their businesses and has 5 reportable segments as follows:

- 1) The property development segment, which develops and sells condominium units.
- 2) The investment segment, which invests in shares of the Pace Group.
- 3) The hotel segment, which operates hotel business.
- 4) The luxury condominium segment, which develops and sells luxury condominium units.
- 5) The shopping centre segment, which develops and leases out shopping centre.

The Board of Director monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Inter-segment revenues and expenses are eliminated on consolidation.

The following table presents revenue and profit information regarding the Pace Development Corporation Group' operating segments for each of years ended December 31, 2013 and 2012:

	In Million Baht													
	Property development		Investment in equity shares		Hotel		Luxury condominium		Shopping centre		Elimination of inter-segment		Total	
	2012						2012		2012				2012	
	2013	"Restated"	2013	2012	2013	2012	2013	"Restated"	2013	"Restated"	2013	2012	2013	"Restated"
Revenues	287	939	-	-	-	-	-	-	-	-	-	-	287	939
Cost of sales	(188)	(656)	-	-	-	-	-	-	-	-	-	-	(188)	(656)
Gross profit	99	283	-	-	-	-	-	-	-	-	-	-	99	283
Other income	361	287	-	-	-	-	3	2	3	-	(309)	(139)	58	150
Other expense	(223)	(168)	-	-	(17)	(14)	(134)	(61)	(10)	(7)	49	36	(335)	(214)
Segment profit (loss)	237	402	-	-	(17)	(14)	(131)	(59)	(7)	(7)	(260)	(103)	(178)	219
Finance costs	(49)	(45)	(15)	(19)	(42)	(32)	(63)	(63)	(22)	(16)	93	56	(98)	(119)
Loss on derecognition of discount on business combinations under common control - net	-	-	-	-	-	-	-	-	-	-	(584)	-	(584)	-
Income tax income (expense)	(15)	(83)	-	-	-	-	29	20	5	4	-	-	19	(59)
Total comprehensive income (loss) for the year	173	274	(15)	(19)	(59)	(46)	(165)	(102)	(24)	(19)	(751)	(47)	(841)	41
Non-controlling interests													46	-
Profit (loss) attributable to owners of the parent													(795)	41
<b>Other information</b>														
Segment assets	4,874	2,642	250	125	2,257	598	4,241	1,542	1,641	403	(4,686)	(1,338)	8,577	3,972
Segment liabilities	912	764	425	203	2,539	921	5,291	1,446	1,755	716	(4,493)	(972)	6,429	3,078
Capital expenditure	381	8	-	-	231	101	588	233	360	108	(47)	(48)	1,513	402
Depreciation	6	6	-	-	-	-	24	13	1	-	-	-	31	19



## 31. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, trade account receivables, other receivables from subsidiaries and related companies, refundable value added tax, restricted savings deposit, long-term loans to subsidiaries, interest receivables from subsidiaries, investment in available for sale equity security, bank overdraft and short-term loans from financial institutions, short-term loans, trade account payables, other payables to related companies, other account payables, retention payables to contractors, short-term loans and accrued interest from shareholder, and long-term loans from financial institutions, liabilities under finance lease contracts and long-term loans and accrued interest from shareholders. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

### Liquidity Risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the consolidated financial statements. Based on the assessment of the Pace Development Corporation Group's current financial position and results of operations, the Pace Development Corporation Group does not face liquidity risk.

### Foreign Currency Risk

The Pace Development Corporation Group has certain transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates. However, the Pace Development Corporation Group did not have hedging agreement to protect against such risk.

### Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle their financial and contractual obligations to the Pace Development Corporation Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not anticipate material losses from its debt collection.

### Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Pace Development Corporation Group. The Pace Development Corporation Group's exposure to interest rate risk relates primarily to their deposits at financial institutions, long-term loans to subsidiaries and interest receivable, bank overdraft and short-term loans from financial institutions, short-term loans, short-term loans and accrued interest from shareholder, long-term loans and accrued interest from shareholders and long-term loans from financial institutions, which bear interest. However, since most of the Pace Development Corporation Group's financial assets and liabilities bear floating interest rates which are close to the market rates. The management considers that the interest rate risk is minimal, hence, the Pace Development Corporation Group has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2013 and 2012, classified by type of interest rates are summarized in the table below:

	2013 (Consolidated Financial Statements)			In Thousand Baht			
	Fixed interest rates						Effective interest rates (% p.a.)
	Within		Over	Floating	Non-		
	1 year	1 - 5 Years	5 years	interest rate	interest bearing	Total	
Financial assets							
Cash and cash equivalents	-	-	-	1,039,210	74	1,039,284	0.5
Trade account receivables	-	-	-	-	13,346	13,346	-
Other receivables from related companies	-	-	-	-	706	706	-
Refundable value added tax	-	-	-	-	38,731	38,731	-
Total	-	-	-	1,039,210	52,857	1,092,067	
Financial liabilities							
Bank overdraft and short-term loans from financial institutions - net	-	-	-	244,855	-	244,855	6.5 - 7.525
Short-term loans - net	323,497	-	-	-	-	323,497	6.5
Trade account payables	-	-	-	-	201,708	201,708	-
Other payables to related companies	-	-	-	-	587	587	-
Other account payables	-	-	-	-	2,636	2,636	-
Retention payables to contractors	-	-	-	-	39,933	39,933	-
Long-term loans from financial institutions - net	-	-	-	1,685,517	-	1,685,517	6.8897
Liabilities under finance lease contracts	1,836	7,577	-	-	-	9,413	6.5 - 11.6
Long-term loans from shareholders and accrued interest	-	404,511	824,289	-	1,092,041	2,320,841	7.5
Total	325,333	412,088	824,289	1,930,372	1,336,905	4,828,987	

	2012 (Consolidated Financial Statements)				In Thousand Baht		
	Fixed interest rates						Effective
	Within		Over	Floating	Non-		interest
	1 year	1 - 5 Years	5 years	interest	interest	Total	rates
				rate	bearing		(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	134,559	88	134,647	0.75
Trade account receivables	-	-	-	-	328	328	-
Other receivables from subsidiaries and related companies	-	-	-	-	1,480	1,480	-
Refundable value added tax	-	-	-	-	8,282	8,282	-
Restricted savings deposit	-	-	-	61,102	-	61,102	0.75
Interest receivable from subsidiaries	-	-	-	-	138,565	138,565	-
Long-term loans to subsidiaries	-	-	832,133	-	-	832,133	7.5 - 15
Total	-	-	832,133	195,661	148,743	1,176,537	
<b>Financial liabilities</b>							
Bank overdraft	-	-	-	14,918	-	14,918	7.525
Trade account payables	-	-	-	-	89,710	89,710	-
Other payables to related companies	-	-	-	-	440	440	-
Other payables	-	-	-	-	4,697	4,697	-
Retention payables to contractors	-	-	-	-	8,717	8,717	-
Short-term loans from shareholder and accrued interest	505,750	-	-	-	26,430	532,180	7.075 - 7.275
Long-term loans from financial institution	-	-	-	375,310	-	375,310	6.5 - 7.625
Liabilities under finance lease contracts	1,123	5,098	-	-	-	6,221	7.31, 7.49
Long-term loans from shareholders and accrued interest	-	-	832,132	-	656,515	1,488,647	7.5 - 15
Total	506,873	5,098	832,132	390,228	786,509	2,520,840	

	2013 (Separate Financial Statements) In Thousand Baht						
	Fixed interest rates						Effective interest rates (% p.a.)
	Within		Over	Floating	Non-		
	1 year	1 – 5 Years	5 years	interest rate	interest bearing	Total	
Financial assets							
Cash and cash equivalents	-	-	-	4,412	29	4,441	0.5
Trade account receivables - net	-	-	-	-	-	-	-
Other receivables from subsidiaries	-	-	-	-	60,873	60,873	-
Interest receivable from subsidiaries	-	-	-	-	440,662	440,662	-
Long-term loans to subsidiaries	-	986,977	1,957,223	-	-	2,944,200	7.5
Total	-	986,977	1,957,223	4,412	501,564	3,450,176	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	244,855	-	244,855	6.5, 7.525
Short-term loans - net	139,110	-	-	-	-	139,110	6.5
Trade account payables	-	-	-	-	11,744	11,744	-
Other payables to related company	-	-	-	-	15	15	-
Short-term loans from subsidiary - net	204,342	-	-	-	-	204,342	5.00 – 6.75
Retention payables to contractors	-	-	-	-	13	13	-
Liabilities under finance lease contracts	1,314	4,012	-	-	-	5,326	6.5 – 11.6
Total	344,766	4,012	-	244,855	11,772	605,405	

	2012 (Separate Financial Statements) In Thousand Baht						
	Fixed interest rates						Effective
	Within		Over	Floating	Non-		interest
	1 year	1 - 5 Years	5 years	interest	interest	Total	rates
				rate	bearing		(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	226	29	255	0.75
Trade account receivables	-	-	-	-	328	328	-
Other receivables from subsidiaries	-	-	-	-	2,254	2,254	-
Interest receivable from subsidiaries	-	-	-	-	277,130	277,130	-
Long-term loans to subsidiaries	-	-	1,664,266	-	-	1,664,266	7.5, 14, 15
Total	-	-	1,664,266	226	279,741	1,944,233	
<b>Financial liabilities</b>							
Bank overdraft	-	-	-	14,918	-	14,918	7.525
Other payables to related company	-	-	-	-	117	117	-
Retention payables to contractors	-	-	-	-	13	13	-
Short-term loans from shareholder and accrued interest	505,750	-	-	-	26,430	532,180	7.075 - 7.275
Long-term loans from financial institution	-	-	-	25,310	-	25,310	7.375
Liabilities under finance lease contract	319	1,329	-	-	-	1,648	7.49
Total	506,069	1,329	-	40,228	26,560	574,186	

#### Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments by Pace Development Corporation Group.

The fair value of cash and cash equivalents, restricted savings deposit and long-term loans to subsidiaries - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rates, which approximate market rates.

Trade account receivables, other receivables from subsidiaries and related companies and refundable value added tax - the carrying value approximate their fair values due to the relatively short-term maturity of these financial assets.

Bank overdraft and short-term loans from financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rate, which approximate market rates.

Short-term loans, trade account payables, other payables to related companies, other account payables, retention payables

to contractors and short-term loan and accrued interest from shareholder - the carrying value approximate their fair values due to the relatively short-term maturity of these financial liabilities.

Long-term loans financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rates, which approximate market rates.

Long-term loans and accrued interest from shareholders - fair value cannot be reliable estimated since the specific repayment term is not known.

## 32. AGREEMENTS

- a) On March 16, 2009, a subsidiary entered into an International Services Agreement with Global Hospitality Licensing S.A.R.L. ("GHL"), whereby the latter will provide certain services in support of the hotel outside Thailand. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the service fee as specified in the agreement.
- b) On March 16, 2009, a subsidiary entered into a License and Royalty Agreement with Global Hospitality Licensing S.A.R.L. ("GHL"), whereby the latter will grant the jointly controlled entity the right and license to use the EDITION trademark in Thailand. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the license and royalty fees at the rates specified in the agreement.
- c) On March 16, 2009, a subsidiary entered into a Management Agreement with Luxury Hotels & Resorts (Thailand) Limited, whereby the latter will manage and operate the hotel. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the fees at the rates specified in the agreement.
- d) On March 16, 2009, a subsidiary entered into a Residential Marketing License Agreement with Global Hospitality Licensing S.A.R.L. ("GHL"), whereby the latter will grant the subsidiary the license to use The Ritz-Carlton Residences, Bangkok as license marks. The term is commencing from the effective date until the earlier of December 31, 2015 or the closing of all residential units. In consideration thereof, the subsidiary is committed to pay the license fee at the rate specified in the agreement.
- e) On March 16, 2009, a subsidiary entered into a Management Agreement with Luxury Hotels & Resorts (Thailand) Limited, whereby the latter will manage, operate and maintain the residential project. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the fees at the rates as specified in the agreement.



### 33. OTHERS

- 1) As at December 31, 2013 and 2012,

	In Thousand Baht	
	2013	2012
a) Pace Project Two Co., Ltd. had letters of guarantee issued by a local financial institution in favour of customers (as at December 31, 2013 which are guaranteed as discussed in Note 21 and as at December 31, 2012 which are guaranteed by pledging the savings account amounting to Baht 61.1 million as discussed in Note 20)	92,026	61,102
b) Pace Project Three Co., Ltd. had a letter of guarantee issued by a local financial institution in favor of a state enterprise amounting to Baht 1.0 million which was guaranteed as discussed in Note 21	1,000	-
c) YLP Company Limited had commitments under construction contracts	-	3,873
d) Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. had commitments under the agreements for the cost of construction (As at December 31, 2013, portion of Baht 44.2 million was aval by a local financial institution which was guaranteed as discussed in Note 21 (2012: Nil))	1,782,400	679,920
e) Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. had commitments under the agreements to purchase and to sell additional portion land for MahaNakhon Project (Note 11)	-	96,129
f) the Company had commitments under the memorandum to purchase and to sell land for new development project (Note 9)	-	365,348
g) the Company had commitments under the agreements for the cost of construction of new projects (Notes 10 and 12)	228,254	-

- 2) As at December 31, 2013 and 2012, the Pace Development Corporation Group had obligation and commitment to complete project on hand.

	2013	2012
Value of sales already contracted (in Thousand Baht)	5,666,246	1,850,619
As percentage of total sales of project on hand (%)	46.68	29.97

- 3) As at December 31, 2012, Pace Real Estate Co., Ltd. had commitments under the guarantee of Pace Project One Co., Ltd., Pace Project Two Co., Ltd., and Pace Project Three Co., Ltd. relating the facility agreement with the local financial institution totalling Baht 700 million (included in the consolidated financial statements of Baht 350 million).
- 4) On January 25, 2012, the Company entered into 3 memorandums of transfer of accrued interest whereby Khun Sorapoj Techakraisri and Fourteen Points Holdings (Assignors) will transfer accrued interest from loans which have not been transferred as indicated in novation agreements to the Company (Assignee) after 60 days when Pace Group (Debtors) are granted construction certificate to build, modify and relocate building (Form Or. 6) issued by a government agency relating to the construction Mahanakhon Project. In this regard, the Company will recognize income according to these 3 memorandums which is after 60 days when the debtors are granted such Form Or. 6.

- 5) The sponsors which consist of the Company, Pace Real Estate Co., Ltd. and shareholders of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. entered into the Sponsor Support Agreement dated May 10, 2013 with the financial institutions under a Credit Facilities Agreement as discussed in Note 21. In this regard, the sponsors are committed to provide the necessary financial supports to Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. in any events of cost overrun and cash deficiency.

### 34. EVENTS AFTER THE REPORTING PERIOD

- a) On February 6, 2014, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have entered into agreements to sell and purchase for purchasing 7 plots of land (which were recorded as leasehold rights on land as at December 31, 2013 and 2012 as discussed in Note 11) from Roman Catholic Mission of Bangkok and from Piyaphap Co., Ltd. with the purchase value of Baht 1,365 million, expenses relating to the transfer of ownership and compensation for opportunity cost shall be absorbed by the buyer or the seller according to the agreements to sell and purchase of land. The ownerships on such land were transferred to the Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. on February 7, 2014.
- b) On February 6, 2014, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have entered into the second amended and restated credit facilities agreement with 2 financial institutions with the significant matter of increase in credit facilities from Baht 5,750 million (as discussed in Note 21) to Baht 6,550 million. The new credit facilities will be as follows:

Credit facility	Purpose	(In Million Baht)	
		Amount	Interest rate
A	Hard construction and development costs	5,370	MLR minus 0.25% p.a.
B	Letter of guarantee, letter of credit, trust receipt, aval and hedging (if credit facility A is fully utilized, credit facility B will be zero)	100	Indicated in each agreement
C	Bank overdrafts	30	MOR p.a.
D	Letter of guarantee	350	Indicated in each agreement
E	Aval facilities for land cost	468	Indicated in each agreement
F	Term loan facilities for land cost (the aggregate of credit facility E and F shall not exceed Baht 800 million)	800	MLR minus 0.25% p.a.

- c) On February 6, 2014, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have entered into an another credit facilities agreement with a local financial institution to obtain aval and term loan facilities of Baht 532 million.

### 35. CAPITAL MANAGEMENT

The primary objective of the Pace Development Corporation Group's capital management is to ensure that it has sustained good cash flows management and preserves the ability to continue its business as a going concern by the projection of cash flows for the projects.

The Company manages its capital position with reference to their debt-to-equity ratio in order to comply with a condition of short-term loan agreement with a local financial institution. As at December 31, 2013, debt-to-equity ratio of the Company was 0.17 to 1. (2012: Nil)

Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (the Pace Group) manage their capital position with reference to their debt-to-equity ratio in order to comply with a condition in a facility agreement with a local financial institution. In 2012, debt means, solely for the purpose of calculating the debt-to-equity ratio, the total liabilities of the Pace Group minus the amount of the subordinated loans as discussed in Note 4. Equity means the aggregate of the total equity and principal amount of any subordinated loans of the Pace Group. As at December 31, 2012, debt-to-equity ratio of Pace Group was 0.51 to 1.

In 2013, debt means, solely for the purpose of calculating the debt-to-equity ratio, the interest bearing debts excluding shareholder loans of the Pace Group. Equity means the aggregate of share capital, legal reserve and shareholder loans of the Pace Group. As at December 31, 2013, debt-to-equity ratio in their financial statements was 0.38 to 1.

No changes were made in the Pace Development Corporation Group's objectives, policies or processes during the years ended December 31, 2013 and 2012.

### 36. NEW/REVISED THAI FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

The Company has not adopted new/revised Thai Financial Reporting Standards (TFRS) that have been issued but are not yet effective at the reporting date as follows:

TFRS	Topic	Effective date
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 38 (revised 2012)	Intangible Assets	2014

TFRS	Topic	Effective date
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements Disclosure	2014
TIC 32	Intangible Assets -Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRSs in accordance with the FAP's announcement and is presently considering the potential impact on the Pace Development Corporation Group's financial statements of these new and revised TFRSs.

### 37. APPROVAL OF FINANCIAL STATEMENTS

The Company's directors have authorized these financial statements for issue on February 28, 2014.

# GENERAL INFORMATION AND IMPORTANT INFORMATION

Thai Company Name

บริษัท เพช ดีเวลลอปเม้นท์ คอร์ปอเรชั่น จำกัด (มหาชน)  
(เดิมชื่อ บริษัท ชินคาร่า จำกัด)

English Company Name

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED  
("the Company")

Nature of Business

Real estate development for sale, lease, and service purposes

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Register Number

0107554000232

Head Office Location

87/2 CRC Tower, All Seasons Place,  
45th Floor, Lumpini, Pathumwan,  
Bangkok 10330 Thailand

Website

<http://www.pacedev.com>

Telephone

02 654 3344

Fax

02 654 3323







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FICUS  LANE  
Condominium

SALADAENG  
RESIDENCES

M<sup>A</sup>HA  
N<sub>A</sub>KHON

MAHASAMUTR  
HUA HIN

PACE Development Corporation Public Company Limited

87/2 CRC Tower, All Seasons Place 45<sup>th</sup> Fl., Unit 3, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Thailand  
Tel. +66 2 654 3344 Fax. +66 2 654 3323

[WWW.PACEDEV.COM](http://WWW.PACEDEV.COM)