

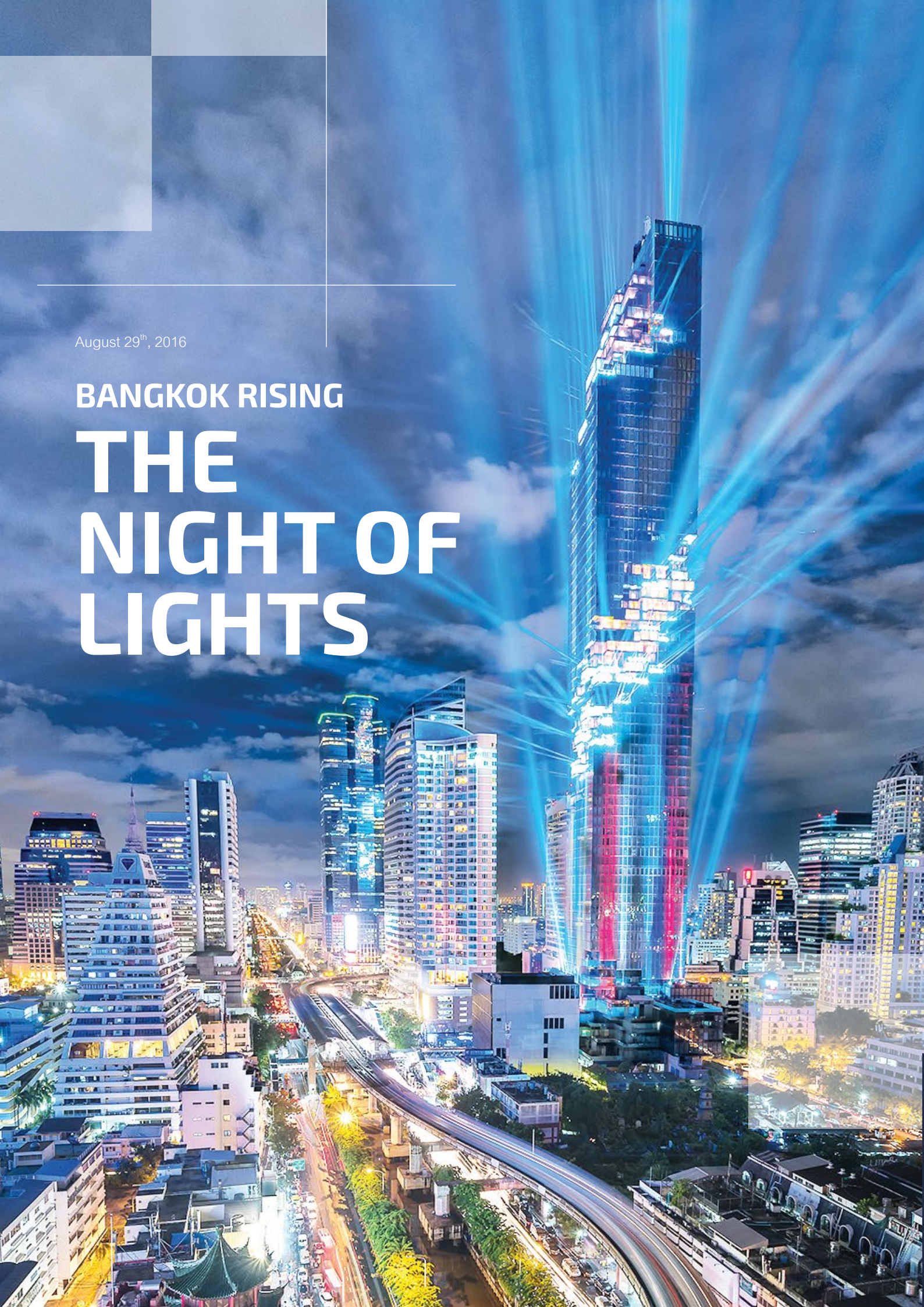
# ANNUAL REPORT 2016





August 29<sup>th</sup>, 2016

# BANGKOK RISING THE NIGHT OF LIGHTS









# ICONIC LANDMARK

**MAHA  
NAKHON**

Residences, Hotel, Retail,  
Observation Deck  
[info@mahanakhon.com](mailto:info@mahanakhon.com)  
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# THE HEIGHT OF LUXURY LIVING



**THE RITZ-CARLTON  
RESIDENCES**

BANGKOK

Freehold Residences  
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sales@rcr-bangkok.com  
www.rcr-bangkok.com







# EXCLUSIVE GATHERINGS

THE SOUND  
OF MAHASAMUTR

February 20<sup>th</sup>, 2016







# LIFETIME MEMBERSHIP

Hua Hin's first and only private country club  
Features Asia's largest Crystal Lagoon



Private Country Club Membership  
+66 32 907 900  
[info@mahasamutr.com](mailto:info@mahasamutr.com)  
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# A NEW STANDARD OF WATERSIDE LIVING




  
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mahasamutr@cbre.co.th  
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# TRUE REFLECTIONS



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Freehold Residences  
+66 80 071 2000  
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NEW DEVELOPMENTS  
**COMING SOON**

NISEKO



BANGKOK

WINDSHELL NARADHIWAS

IT IS A SHELL .

IT IS BIG .

IT IS HOME .

Tel. +66 2 234 1414  
[info@pacedev.com](mailto:info@pacedev.com)





# THE PURVEYOR OF FINE FOODS

## PACE'S OWN STORES:

### Thailand

- All Seasons Place
- Bluport, Hua Hin
- Central Embassy
- FYI Center
- MahaNakhon CUBE
- Park Ventures
- Sathorn Square
- Siam Discovery
- Silom Soi1
- Suvarnabhumi Airport
- The Crystal
- The EmQuartier

### USA

- Charlotte, NC
- City Spire Café, NY
- Georgetown, DC
- Leawood, KS
- Madison, NY
- New York Times Café, NY
- Soho, NY
- St. Helena, CA
- Stonecrest Café, NC
- Tryon Café, NC

### Japan Café

- Aoyama
- Akasaka Ark Hills
- Haneda Airport
- Marunouchi
- Omotesando
- Roppongi
- Seijo
- Shinjuku Newoman
- Tama Plaza
- Tokyo Garden Terrace Kioicho
- Yurakucho

\*JV Partnership 50/50

## LICENSE STORES:

### Japan Market

- Amu Plaza Hakata
- Ebisu
- Fukuoka
- Himonya
- Kichijoji
- Kyoto
- Nagoya
- Osaka
- Roppongi
- Sakae
- Shibuya
- Shinagawa

### Shinjuku

- Yaesu
- Yokohama
- Yurakucho

### Kuwait

- The Venues

### United Arab Emirates

- Mall of Emirates

### USA

- Honolulu, HI

### Singapore

- Far East Square
- Hills View
- Orchard Central

### South Korea

- Shinsegae Gangnam
- Myungdong

### Philippines

- Edades Tower, Rockwell Center
- Eton Tower Makati



DEAN & DELUCA

Gourmet Food & Beverage | [info@deandeluca.com](mailto:info@deandeluca.com) | [www.deandeluca.com](http://www.deandeluca.com)



# INVESTOR ROADSHOW 2016



# FUNDING ACTIVITIES 2016







# VISION & MISSION

## VISION

PACE creates design-driven properties, hospitality, retail concepts in the world's most sought after locations. Through architectural leadership, PACE provides world-class design and premium quality, introducing new trends, improving the landscape and enhancing people's lives. PACE creates a full range of lifestyle property developments which will continue to meet the needs of our clients, both today and in the future. PACE delivers innovation in the retail market with a strategy to build a portfolio of global food & beverage brands, including ownership of global brand DEAN & DELUCA. Our dedicated team provides the highest levels of service, and contributes in a positive way to the communities in which we do business.

## OUR MISSION

- Creating the finest luxury property, hospitality and retail using world-class design
- Innovating and introducing new market-leading concepts through understanding our customers' needs and lifestyles both for today and the future
- Consistently delivering the highest standards of quality, architecture, locations and service
- Building a dedicated team and network who make a positive social contribution, enhancing the landscape and places where we do business





## OUR DESIGN

PACE has a proven track record in delivering world-class, iconic concepts to the property development market by focusing on innovative and value added features that are created to enhance the living standards of its residents. PACE not only elevates the lifestyle experience, but leads the market in designing architectural landscapes through sustainable practices.

# KEY STR

## OUR CUSTOMERS

PACE fully understands that its customers are the company's most valuable asset. We focus on upholding our commitment to the highest standards and thus ensuring each customer is treated with the utmost of respect and integrity. PACE firmly believes in the ethos that a customer relationship is for life and delivering long-term value is an essential key to achieving such.



## OUR POSITION

PACE is the leader in luxury property and hospitality in Thailand. Through understanding our high-end segment, the company is built upon innovative and responsive thinking that caters to the evolving needs, demands and expectations of the property and retail markets.

By focusing on prime locations, exceptional design, and the highest quality, PACE has established a global reputation for introducing new market trends, improving the local landscape and enhancing people's lives.

# ENGTHS

## OUR PEOPLE

Rewarding good performance, commitment and a mindset to deliver the extraordinary, PACE attracts and retains managers, staff, partners and suppliers that are essential in driving all aspects of the business forward. Comprising a world-class pool of professionals, our PACE teams deliver professional workmanship, candor and experience that raises the industry standard.





# CONTENTS

**13**

Vision &amp; Mission

**14**

Key Strengths

**18**

Financial Highlights

**20**

Message from Chairman

**21**

Message from CEO

**22**

Events &amp; Highlights

**26**

Policy and Overview of Business

**32**

Operation of Business

**47**

Risk Factors

**50**

Internal Control and Risk Management

**52**

Security and Shareholder Information

**54**

Management Structure

**68**

Corporate Governance



**86**

Corporate Social Responsibility

**120**

Financial Statement

**129**

Note to Financial Statement

**92**

Related Party Transactions

**190**General Information and  
Important Information**102**

Management Discussion and Analysis

**110**

Report of the Audit Committee

**112**

Report of Risk Management Committee

**113**

Report of Nomination and Remuneration Committee

**115**

Independent Auditor's Report

**PACE HAS A SINGLE-MINDED VISION,  
TO PROVIDE CUSTOMERS WITH SUPERIOR  
QUALITY LIFESTYLES.**



# FINANCIAL HIGHLIGHTS 2016

## STATEMENT OF FINANCIAL POSITION

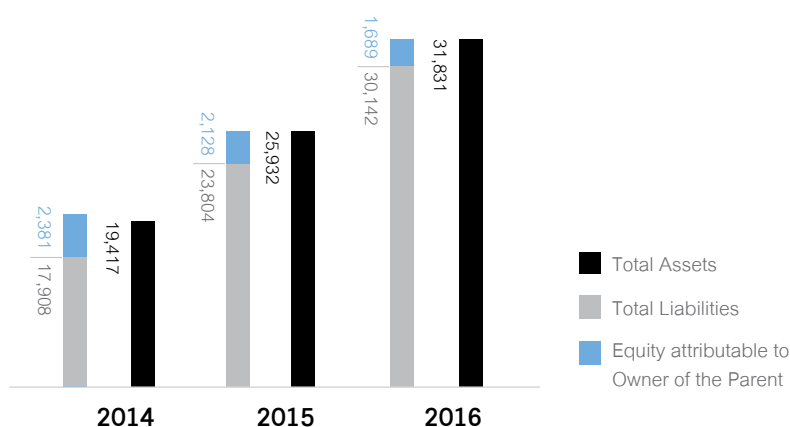
As of December 31<sup>st</sup>, 2014, 2015 and 2016 (3 Years)

(Unit: Million Baht)

	2014	2015	2016
Total Assets	19,416.93	25,932.15	31,831.16
Total Liabilities	17,907.53	23,804.55	30,141.95
Equity attributable to Owner of the Parent	2,380.91	2,127.60	1,689.21
Equity attributable to former shareholders of subsidiary	(146.47)	-	-
Non-controlling interests	(725.04)	-	-
Total Shareholders' Equity	1,509.40	2,127.60	1,689.21

## STATEMENT OF FINANCIAL POSITION 3 YEARS

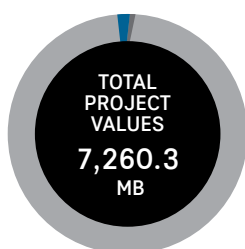
(Unit: Million Baht)



## SALES BACKLOG

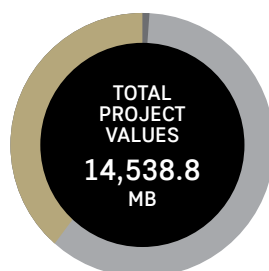
(Unit: Million Baht)

Projects	2014	2015	2016
Ficus Lane	24.6	24.6	-
Saladaeng Residences	109.0	-	-
The Ritz-Carlton Residences, Bangkok @ MahaNakhon	7,126.7	8,633.0	8,124.6
MahaSamutr Villa	-	-	1,068.5
Nimit Langsuan	-	5,881.2	6,551.9
Total	7,260.3	14,538.8	15,745.0



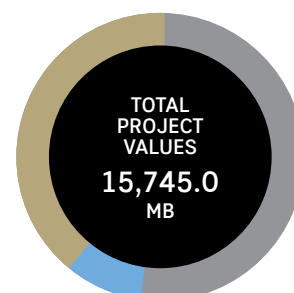
2014

Ficus Lane RCR@ MahaNakhon Saladaeng Residences



2015

Ficus Lane RCR@ MahaNakhon Nimit Langsuan



2016

MahaSamutr Villa RCR@ MahaNakhon Nimit Langsuan

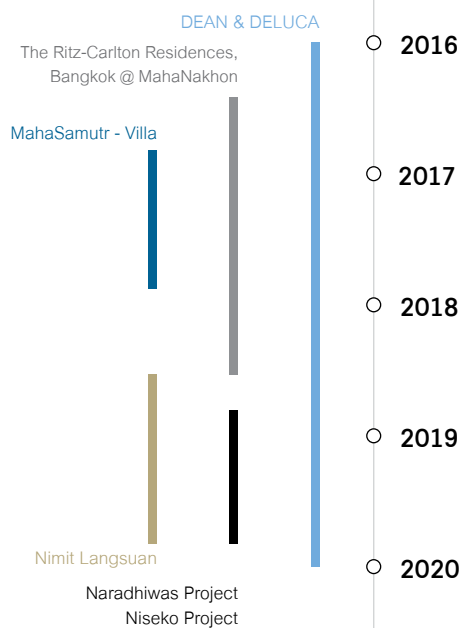


(Unit: Million Baht)

Projects	Cumulative Sales			Cumulative Recognize Revenue			Backlog		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Ficus Lane	891.4	891.4	32.8	866.9	866.9	32.8	24.6	24.6	-
Saladaeng Residences	2,309.8	2,309.8	-	2,200.8	2,309.8	-	109.0	-	-
The Ritz-Carlton Residences, Bangkok @ MahaNakhon	7,126.7	8,633.0	9,466.9	-	-	1,342.3	7,126.7	8,633.0	8,124.6
MahaSamutr Villa	-	-	1,068.5	-	-	-	-	-	1,068.5
Nimit Langsuan	-	5,881.2	6,551.9	-	-	-	-	5,881.2	6,551.9
Total	10,327.9	17,715.4	17,120.1	3,067.7	3,176.7	1,375.1	7,260.3	14,538.8	15,745.0

### TIMELINES OF REVENUE RECOGNITION

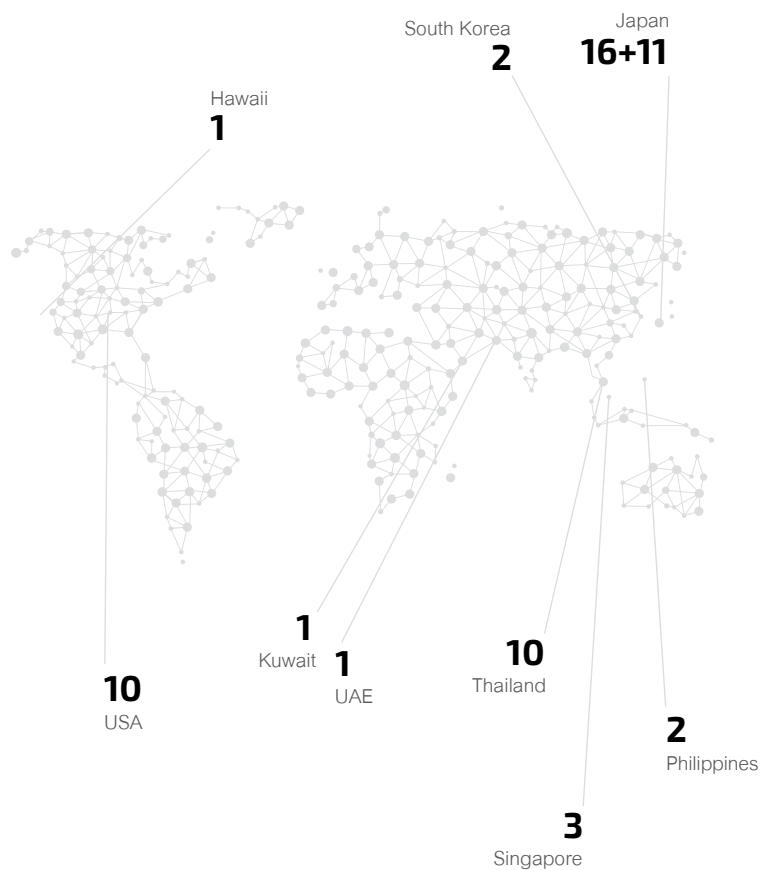
of developing projects and future projects



### THE GROWTH OF GOURMET FOOD AND BEVERAGE DEAN & DELUCA TOTALING 57 STORES WORLDWIDE

As of December 31<sup>st</sup>, 2016

The Company owns 10 stores in USA, 10 stores in Thailand, and co-owner of 11 stores in Japan as a joint venture agreement with a partner in Japan for café format; totaling 31 stores.







## MESSAGE FROM CHAIRMAN

Mr. Kraithip Krairiksh  
Chairman

Last October, Thailand faced the country's most tragic loss. As PACE Chairman of the Board, and on behalf of PACE Board of Directors, Executive Management, and employees, I would like to take this opportunity to pay respect to His Majesty the late King. And as a company, we would like to take part in following his visions and his royal initiatives in further developing the nation.

PACE was founded with a vision to enhance people's lives by improving the urban landscape. Our mission is to create design-driven properties, hospitality, and retail concepts in the most sought after locations in Thailand and beyond. With our passion in creating developments at the highest quality, PACE has created landmarks in the heart of Bangkok, raising Thailand's profile in the world's stage.

Our passion in creating landmarks for Thailand is one of PACE key strategies in delivering a long-term sustainable business practice. Giving back to society has also been identified as another sustainability mission which we aim to deliver socially. As a good corporate citizen, we aim to incorporate CSRI's environmental and social guidelines in our daily practice. Additionally, by expanding our business into food and beverage industry is now one of our key business strategy to decrease the risk from property development business and is another way to sustain PACE business moving forward.

In 2017, PACE will continue our business operation with a strong commitment in enhancing people's lives. Our Food & Beverage business will also continue to grow exponentially towards our mission in delivering sustainably on the world stage.

I would like to take this opportunity to thank our shareholders, investors, business partners and clients for all your support to PACE in the past years. Furthermore, thank you to all PACE employees for all your dedication and contribution, making 2016 another year of success. I look forward to receiving this great continuous support from all of you once again in the future.





## MESSAGE FROM CEO

Mr. Sorapoj Techakraisri  
CEO

Year 2016 was another year filled with milestones and proud moments for PACE as construction of our 2 flagship developments; MahaNakhon and MahaSamutr progressed successfully. While the mega events for both “The Sound of MahaSamutr” and “MahaNakhon The Night of Lights” became “talk of the town” overnight receiving wide press coverage and surged in recognition both domestically and internationally. These achievements opened new doors for opportunity bringing in interest from international investors and paving the way to winning multiple awards both in Thailand and internationally. These achievements have strengthened the reputation of PACE and its developments presently and in the future.

Since our acquisition of the New York’s iconic DEAN & DELUCA, we have continued business expansion of the brand both in Thailand and USA. In addition, PACE has now invested in expanding DEAN & DELUCA brand in 2 new countries, Japan and the UK. Besides global expansion in F&B, PACE has successfully issued new shares in exchange for a land plot in Japan to develop a new residential resort villa. While our landmark MahaNakhon development entered an agreement with one of the world’s top private equity firm as a new international investor. These accomplishments demonstrate that PACE has fully become a global company in terms of property real estate and food & beverage businesses.

Operating our business in various markets locally and now internationally is a new challenge for PACE and we must work even harder to study the different markets and competition in order to differentiate ourselves and develop the best business plans to fulfil our customer’s needs. I believe that in 2017 and years to come, with the great collaboration and support from all parties, PACE will continue to grow in Thailand and globally.

I would like to express my deepest gratitude to all our clients, colleagues, staff, business partners, investors, shareholders and stakeholders for your support. Thank you and I look forward to receiving your continued support in the future.





## APOLLO INVESTS MAHANAKHON

In January 2017, Apollo Global Management, LLC and subsidiaries (NYSE:APO) and Goldman Sachs Group, Inc. (NYSE: GS) announced their investment in the hospitality/retail components of MahaNakhon, Thailand's tallest tower. The deal marks a significant milestone in Thailand's real estate industry by one of the world's largest international private equity firms.

H.E. Mr. Somkid Jatusripitak, Deputy Prime Minister and Mr. Apisak Tantivorawong, Finance Minister were Guests of Honor for the press announcement.

## BANGKOK RISING: THE NIGHT OF LIGHTS

In August 2016, Thailand celebrated the completion of the city's tallest tower, MahaNakhon. Thailand's Minister of Tourism, valued partners and VIP guests enjoyed a black tie outdoor concert including acclaimed Tenor José Carreras, together with partners SCB, BMW and Citibank. The stunning light show lit up MahaNakhon, enjoyed by tens of thousands of spectators, with prizes courtesy of a photo contest held to mark the historic occasion.



## MAHANAKHON'S MANAGING DIRECTOR

In April 2016, PACE appointed Mr. Kipsan Oslo Beck as the new Managing Director of MahaNakhon. Working with PACE since 2008, Kipsan is responsible for operating MahaNakhon, including observation deck, retail and hospitality elements to create an iconic tourist destination.





## MAHANAKHON AT CTBUH 2016 CONFERENCE

PACE proudly presented "MahaNakhon Observatory & Concept" at the CTBUH Global Conference held October 2016 in Shenzhen, China; the second consecutive year that PACE has presented at this global forum.



CTBUH had already recognized MahaNakhon officially as Thailand's tallest building in April 2016, this presentation by Kipsan Beck shared further details about the icon of Bangkok.



## MAHANAKHON FIRST TRANSFERS

In April 2016, transfer of The Ritz-Carlton Residences, Bangkok began, the city's finest freehold homes, with service provided by the Ladies and Gentlemen of The Ritz-Carlton.

## 2016 ANNUAL GENERAL MEETING

The PACE Annual General Meeting was held successfully at W Hotel Bangkok in April 2016 with 172 shareholders attending the meeting.



## THE SOUND OF MAHASAMUTR

February 2016 welcomed celebrities, guests and owners who enjoyed dining and watersports at MahaSamutr, including a special performance by global superstar Ronan Keating.





## DEAN & DELUCA SPONSORS US PGA GOLF TOURNAMENT “DEAN & DELUCA INVITATIONAL”

In May 2016, DEAN & DELUCA became the title sponsor for the PGA Tour's tournament 'DEAN & DELUCA Invitational', one of the tour's longest running events. Held at the Colonial Country Club in Fort Worth, Texas, this will be a multi-year sponsorship raising the brand's profile around the globe.



## PACE INVESTS IN DEAN & DELUCA JAPAN

In March 2016, DEAN & DELUCA entered a joint venture agreement with its Japanese licensed partner to rollout DEAN & DELUCA cafés in Japan.

## DEAN & DELUCA UK

In June 2016, PACE set up 2 subsidiary companies to create DEAN & DELUCA, United Kingdom, with the first store expected in June 2017.



## DEAN & DELUCA PROTOTYPE CONCEPT AT DESIGN MIAMI

In November 2016, DEAN & DELUCA unveiled the new quick service prototype concept at Design Miami, titled "STAGE". The concept celebrates food as a lively social experience highlighting preparation, presentation, and people.





## THE WILLIAMS FAMILY KITCHEN

In August 2016 at MahaNakhon CUBE, DEAN & DELUCA announced its partnership with Grammy award-winning artist and producer Pharrell Williams and his family on a new product line, 'The Williams Family Kitchen' available from Spring 2017.

## PACE WINS 5 AWARDS FROM THINK OF LIVING PEOPLE'S CHOICE AWARDS 2016

PACE was proud to be recognized with 5 awards from Think of Living People's Choice Awards 2016 in December, including 'Developer of The Year', and MahaNakhon earning 'Best Mixed-Use Development', 'Luxury: Best High Rise Condominium Development', 'Best Architecture Design' as well as 'Project of The Year'.



## MAHASAMUTR RECEIVES 3 AWARDS AT THAILAND & SOUTH EAST ASIA PROPERTY AWARDS 2016

In September 2016, MahaSamutr Luxury Villas development was recognized at Thailand Property Awards 2016 including 'Best Villa Development (Thailand)', 'Best Luxury Villa Development (Hua Hin)' and 'Best Residential Architectural Design' as well as 'Best Villa Development' at the South East Asia Property Awards 2016.



# POLICY AND OVERVIEW OF BUSINESS

## 1. VISION, MISSION AND BUSINESS STRATEGY



Pace Development Corporation Public Company Limited (PACE) is a leader in Thai luxury property, hospitality and retail. With core strengths in understanding the high-end consumer, PACE delivers innovation using world-class design and standards, enhancing people's lives by introducing new trends to the market in the most sought after locations.

The Company works with leading global suppliers and partners, creating award-winning luxury property and hospitality. Ownership of gourmet food and beverage brand DEAN & DELUCA is a platform for expansion globally, providing another recurring stream of revenue for PACE.

### VISION

PACE creates design-driven properties, hospitality, retail concepts in the world's most sought after locations. Through architectural leadership, PACE provides world-class design and premium quality, introducing new trends, improving the landscape and enhancing people's lives. PACE creates a full range of lifestyle property developments which will continue to meet the needs of our clients, both today and in the future. PACE delivers innovation in the retail market with a strategy to build a portfolio of global food & beverage brands, including ownership of global brand DEAN & DELUCA. Our dedicated team provides the highest levels of service, and contributes in a positive way to the communities in which we do business.

### MISSION

- Creating the finest luxury property, hospitality and retail using world-class design
- Innovating and introducing new market-leading concepts through understanding our customers' needs and lifestyles both for today and the future
- Consistently delivering the highest standards of quality, architecture, locations and service
- Building a dedicated team and network who make a positive social contribution, enhancing the landscape and places where we do business

### BUSINESS STRATEGY

PACE specializes in serving the needs of our high-end client base through active engagement and consumer insights which enable the Company to be a leader for property development, hospitality and retail. The business strategy of PACE features the following categories:

### High-end residential development

PACE's core value in real estate development focuses on delivering high quality, providing innovative market leading properties which provide outstanding functionality and practicality in prime locations. Using world-class design each development features finest specifications and well controlled execution, resulting in premium standards which have gained trust and credibility from customers and shareholders. As a result PACE properties remain highly sought after, and are able to command higher prices than other comparable location high-end developments. The Company targets to develop 1-2 residential projects per year.

### Lifestyle businesses that generate continued sustainable income

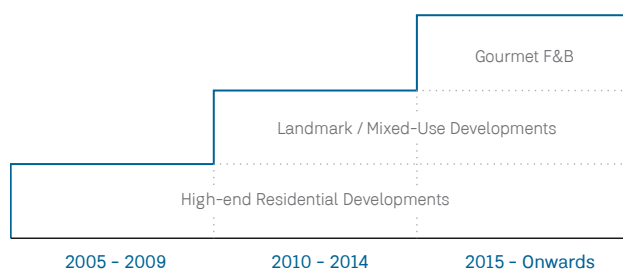
PACE integrates lifestyle elements into its property development business, not only to enhance the quality of life for residents, but also to add sustainable income streams to strengthen shareholder and investor trust. These include hospitality and retail operations. In addition, PACE is the owner of New York's iconic food and beverage retail brand DEAN & DELUCA.

These income streams balance against residential development where revenue is recognized only when the project is fully completed and transferred to customers. PACE's lifestyle businesses are shown below; PACE's "MahaNakhon" development consists of hotel, observatory and lifestyle retail elements; "MahaSamutr" features a Country Club membership concept embracing hospitality and dining.



The diagram of PACE's business strategy

The gourmet F&B business arm reflects the synergy of lifestyle and property. As a property developer, PACE ownership of DEAN & DELUCA utilizes the Company's existing knowledge of the high-end sector combined with strengths in construction and execution for expansion of the brand, while also enabling greater consumer insights through wider market appeal on a global level. This knowledge will enhance PACE ability to expand abroad as well as bringing new trends from around the globe into the Thai real estate market.



PACE's stages of development

## 2. SIGNIFICANT CHANGES AND DEVELOPMENT

Pace Development Corporation Public Company Limited ("the Company") has its main business in the high-end real estate development, lifestyle business and gourmet food and beverage retail worldwide under "DEAN & DELUCA" brand, where it became the owner of the stores in the USA, and in Thailand, and co-owner of the stores in Japan as a joint venture agreement. As of December 31<sup>st</sup>, 2016, the Company's registered capital and paid capital is 3,758.0 MB (Million Baht). The Company has its head office situated at 87/2 CRC Tower,

All Seasons Place, 45<sup>th</sup> Floor, Wireless Road, Lumpini, Pathumwan, Bangkok.

The Company was founded on September 1<sup>st</sup>, 2003, under the name "Cinkara Company Limited" with fully paid capital of 2 MB and on November 6<sup>th</sup>, 2003, Mr. Sorapoj Techakraisri and the Company increased its capital to fully paid 10 MB in order to engage in the real estate development business sector.



Year	Significant changes within the year
2003	Founded Cinkara Company Limited.
2004	Commenced development of "Ficus Lane".
2007 - 2008	Founded YLP Company Limited to develop a condominium under the name "Saladaeng Residences".  Founded Pace Project One Company Limited ("Pace One"), founded Pace Project Two Company Limited ("Pace Two"), founded Pace Project Three ("Pace Three") to develop the mixed-use MahaNakhon Development, and founded Pace Real Estate Company Limited ("PRE") as a holding company to hold shares in Pace One, Pace Two and Pace Three in the proportion of 50% each respectively.
2011	The Company restructured ownership portions within the group to prepare for listing in the Stock Exchange of Thailand (SET).  The Company completed the process of converting into a public company by issuing a capital increase of 600 MB for public offering. After the capital increase, the Company's registered capital became 2,054.3 MB and the Company is renamed Pace Development Corporation Public Company Limited (PACE).
2013	The Company launched MahaSamutr, a Luxury mixed-use development in Hua Hin with Thailand's first private Country Club and Villas.  The Company is listed in the Stock Exchange of Thailand (SET) with a registered capital of 2,054.3 MB fully paid-up. The Company bought shares and shareholder loans of the jointly controlled entities from IBC Thailand and IDJ Holdings Co., Ltd., resulting in PRE, Pace One, Pace Two and Pace Three becoming subsidiaries of the Company with the following ownership proportions (direct and indirect) approximately 68%.  The Company commenced construction of MahaSamutr Development, Hua Hin.
2014	The Company bought land and successfully changed the proprietary right in MahaNakhon from leasehold to freehold.  Founded Pace Country Club Co., Ltd.  Founded Pace Food Retail Co., Ltd.  Acquired DEAN & DELUCA, the world's iconic gourmet food and beverage brand valued USD 140 million.
2015	Officially launched and sold out 90% + of Nimit Langsuan project.  Bought the rest of the shares of Pace One, Pace Two, and Pace Three from IBC Thailand and PRE, and from IBC Thailand and IDJ Holdings Co., Ltd.  Allocated ordinary shares for private placement totally 542,722,500 shares for IBC Thailand Ltd. and IDJ Holding Co., Ltd. at THB 3.39 per share.  Acquired ordinary shares and assignment of the rights to receive a repayment of the outstanding shareholder loan of Dean and DeLuca (Thailand) Company Limited ("D&D Thailand") from Mr. Sorapoj Techakraisri with total consideration of THB 240 million by issuing 64,690,027 new ordinary shares at an offer price of THB 3.71 per share in order to repay to Khun Sorapoj Techakraisri.  Increased the capital by issuing newly ordinary shares by General Mandate to offer to the existing shareholders in proportion to their shareholding (Right Offering), in an amount of not exceeding 600,000,000 shares with the par value of Baht 1.00 per share.  Construction loans received from a Thailand's Financial institution for a development of "Naradhiwas" project with the total amount of THB 1,090 million.

Year	Significant changes within the year
2016	<p>Launched MahaSamutr Villa &amp; Country Club Project under the theme of “The Sound of MahaSamutr”, including “MahaSamutr Villas”, the luxury freehold villas, and “MahaSamutr Country Club” surrounded by MahaSamutr Lagoon-Asia’s largest man-made lagoon.</p> <p>Registered for a joint venture company “Dean &amp; DeLuca Café Japan Co., Ltd.”</p> <p>Founded Pace Management Co., Ltd.</p> <p>Commenced construction for a new super luxury development “Nimit Langsuan” on Langsuan Road.</p> <p>Founded 2 new subsidiaries of D&amp;D Mount Limited and D&amp;D Fourteen Limited.</p> <p>Loans received from Thailand’s Financial Institutions for expanding DEAN &amp; DELUCA with the total amount of THB 1.1 Billion.</p> <p>Allocated newly-issued ordinary shares of 176,350,000 shares at THB 3.00 per share to Bell Investments Limited and Asension Trading Limited which are the specific investors (Private Placement) in exchange for the land in Niseko Sub-district, Hokkaido Prefecture, Japan, instead of cash payment.</p> <p>Allocated the newly-issued ordinary shares of 320,000,000 shares at THB 3.00 per share with the total amount of THB 960 million for international private placement investors.</p> <p>Grand opening “MahaNakhon” Project under the theme of “MahaNakhon Bangkok Rising: The Night of Lights”, officially Thailand’s tallest building at 314 meters and 77 storeys.</p> <p>Founded Dean &amp; DeLuca Small Format Lq. LLC, a subsidiary of Dean &amp; DeLuca Inc.</p>



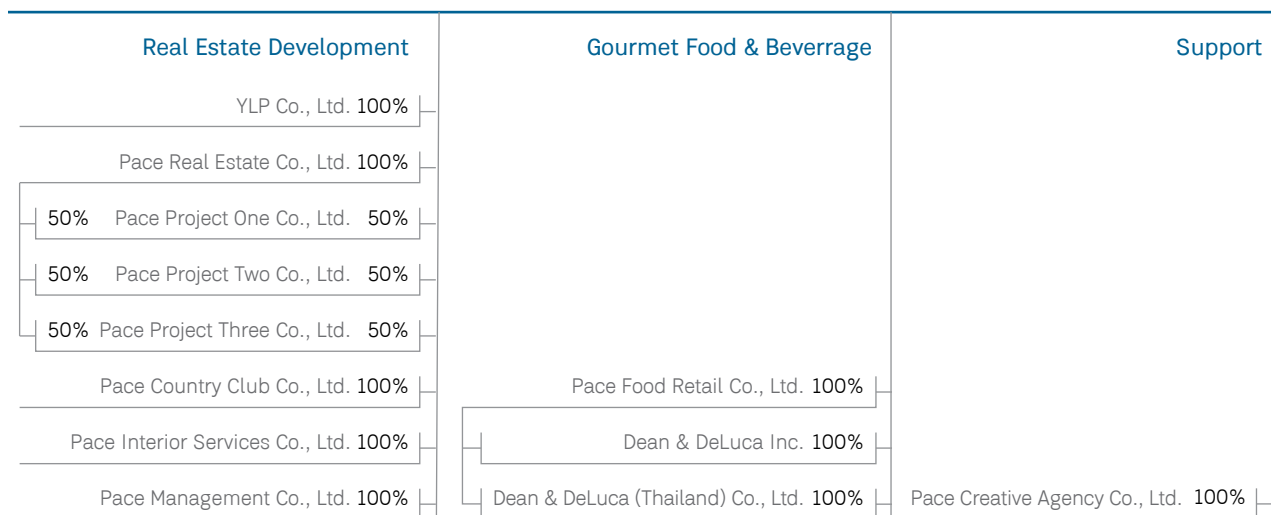
### 3. OVERVIEW OF BUSINESS OF THE COMPANY AND SUBSIDIARIES

The Company was founded on September 1<sup>st</sup>, 2003, under the name “Cinkara Company Limited”, and started its real estate development business by launching the first project called “Ficus Lane”. With a passion for leadership in high-end property development, the Company has continually expanded its development business and client base. Recently, the Company has entered into the retail food and beverage business, a new line of business featuring “DEAN & DELUCA”, an iconic global food and beverage brand. As a result, the Company currently generates revenue primarily from real estate development and the gourmet food and beverage business. As of December 31<sup>st</sup>, 2016, the Company has 34 subsidiaries which can be categorized into the following business lines as follows below:



## The Organization Structure of the Company and subsidiaries

## Pace Development Corporation Public Company Limited



Name of the company	Business	Type of Business	Proportion of Shareholder (%)
Pace Development Corporation Public Company Limited	Property development and management, and manage its subsidiaries	Develop real estate projects such as MahaSamutr Villas, Nimit Langsuan, etc.	-
YLP Co., Ltd.	Property development and management	Develop real estate projects such as Saladaeng Residences and a new project on Naradhiwas-Rajanakarin Road, which is planned for launch early in the year 2017	100
Pace Real Estate Co., Ltd.	Property development and management	A holding company to hold shares in MahaNakhon project	100
Pace Project One Co., Ltd.	Hotel	Develop a 5-star luxury boutique hotel under a new brand of Marriott Group, managed by The Ritz-Carlton Hotel Company called "The Bangkok Edition" located in MahaNakhon tower	50 + 50 <sup>1)</sup> **
Pace Project Two Co., Ltd.	Property development and management	Develop super luxury residences under the internationally recognizable brand "The Ritz-Carlton Residences, Bangkok"	50 + 50 <sup>1)</sup> **
Pace Project Three Co., Ltd.	Lifestyle retail	Develop lifestyle retail such as MahaNakhon CUBE, Retail Hill, and Sky Observation Deck located in MahaNakhon tower	50 + 50 <sup>1)</sup> **
Pace Country Club Co., Ltd.	Property development and management	Develop and manage a luxury real estate project "MahaSamutr Country Club in Hua Hin"	100
Pace Food Retail Co., Ltd.	Gourmet food & beverage	A holding company to hold shares in gourmet food and beverage business under brand Dean & DeLuca in USA, and Thailand	100

Name of the company	Business	Type of Business	Proportion of Shareholder (%)
Dean & DeLuca (Thailand) Co., Ltd.	Gourmet food & beverage	A licensee to operate gourmet food and beverage business, premium supermarket under brand “Dean & DeLuca” in Thailand	100
Dean & DeLuca Inc.	Premium supermarket, and food and beverage	Operate premium supermarket, and provide gourmet food and beverage brand “DEAN & DELUCA” worldwide, as the owner of the store in the USA	100 <sup>3)</sup>
Pace Interior Services Co., Ltd.	Design and interior design	Provide services of design and interior design to support PACE businesses	100
Pace Creative Agency Co., Ltd.	Graphic design and creative	Provide creative and graphic design services for advertising and marketing communications	100
Pace Management Co., Ltd.	Property development and management	Provide services for property development management of housing estates and condominiums	100

**Remark:**

- <sup>1)</sup> Regarding to the new investors, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. are in the process of shareholding structure adjustment. Therefore, after the transaction of the capital increase completed, the shareholding structure of the Company and Pace Real Estate Co., Ltd. that hold ordinary shares in both companies will be diluted from 100 percent to 51 percent.
- <sup>2)</sup> Proportion of share held (indirect) by Pace Real Estate Co., Ltd.
- <sup>3)</sup> Dean and DeLuca Inc., (Registered in the U.S.) shares held (indirect) by Pace Food Retail Co., Ltd. with the proportion of 100% in 2014 and 2015 which is the same type of business-gourmet food and beverages, totaling of 25 subsidiaries: Dean & DeLuca Inc., Dean & DeLuca Brands, Inc., Dean & DeLuca Marketing, LLC, Dean & DeLuca Atlanta, LLC, Dean & DeLuca Markets, LLC, D&D Cafes of North Carolina, LLC, Dean & DeLuca Georgetown, Inc., Dean & DeLuca Imports, Incorporated, Dean & DeLuca Call Center, Inc., Dean & DeLuca New York, Inc., Dean & DeLuca Espresso, Inc., Dean & DeLuca Madison Avenue, Inc., Gaetano & Barteau, Inc., Dean & DeLuca International, LLC, Dean & DeLuca Brands Hawaii, LLC, Dean & DeLuca, Incorporated, Dean & DeLuca Espresso D.C., Inc. Dean & DeLuca Productions, LLC, Dean & DeLuca New Jersey, Inc., Dean & DeLuca Small Format, LLC, Dean & DeLuca Small Format, Lq. LLC, Dean & DeLuca Management Co., Dean & DeLuca Fourteen Ltd., Dean & DeLuca Mount Ltd., and Dean & DeLuca Café Japan Co., Ltd.

As of December 31<sup>st</sup>, 2016, the Company and its subsidiaries have developed real estate projects that are currently in the planning, construction and/or selling process totaling 5 projects: (1) MahaNakhon, (2) MahaSamutr, (3) Nimit Langsuan, (4) the new Naradhiwas-Rajanakarin project, and the new Niseko project in Japan.

In addition, the Company operates the world's iconic gourmet food and beverage brand called “DEAN & DELUCA”. As of December 31<sup>st</sup>, 2016, the Company owns 10 stores in the USA,

10 stores in Thailand, and owns 11 stores only café format in Japan, registered within a joint venture company “Dean & DeLuca Café Japan Co., Ltd.” with a Japanese partner. Moreover, the Company also operates the licensing agreements in 26 stores in Japan (only market format), Singapore, South Korea, Philippines, Kuwait, United Arab Emirates (UAE), and Hawaii (USA).

#### 4. THE RELATIONSHIP BETWEEN THE BUSINESS AND MAJOR SHAREHOLDER (IF ANY)

The Company has no relationship or relevant to the business operation of a major shareholder significantly.



# OPERATION OF BUSINESS

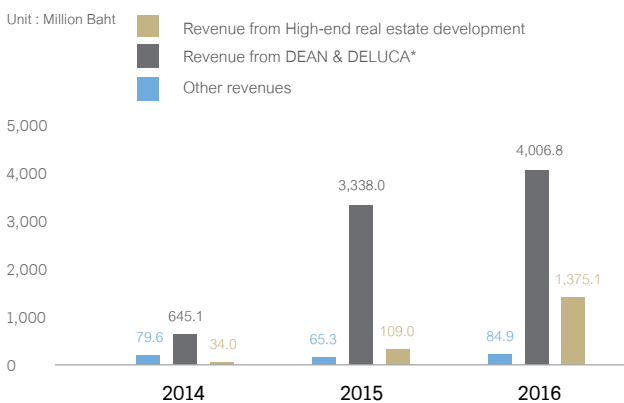
## 1. CHARACTERISTICS OF PRODUCTS AND SERVICES

The Company and subsidiaries generate revenues primarily from real estate development for sale and the gourmet food and beverage business, these can be summarized for the last 3 years as below:

Business	Operated by	% of the Company's Shareholders	2014		2015		2016	
			Revenue	%	Revenue	%	Revenue	%
Revenue from high-end real estate development	The Company and subsidiaries	100	34.0	4.5	109.0	3.1	1,375.1	25.1
Revenue from DEAN & DELUCA*	Subsidiaries	100	645.1	85.0	3,338.0	95.0	4,006.8	73.3
Other revenues	The Company and subsidiaries	100	79.6	10.5	65.3	1.9	84.9	1.6
<b>Total revenues</b>			<b>758.7</b>	<b>100.0</b>	<b>3,512.3</b>	<b>100.0</b>	<b>5,466.8</b>	<b>100.0</b>

\* Revenue recognition started from December 4<sup>th</sup>, 2014, since the Company acquired DEAN & DELUCA Inc. (USA), acquired DEAN & DELUCA (Thailand) in April, 2015, and registered for a joint venture company "Dean & DeLuca Café Japan Co., Ltd." in March, 2016. Therefore, the revenue recognition is considered as the Company's Subsidiary which is the business combination under common control.

### Revenue Structure of the Company (3 years)



In 2016, the Company generated revenue from residential unit sales of 1,375.1 million Baht, an increase of 1,161.6 % as compared with the year 2015. The increase was mainly due to the

ability to sell and transfer The Ritz-Carlton Residences, Bangkok at MahaNakhon which started to transfer since Q2 2016, and the remaining residences of Ficus Lane project while the Company was able to generate revenue from sale and transfer the last remaining 5 residences of Saladaeng Residences Project within 2015.

Moreover, the Company generated revenue from food and beverage business "DEAN & DELUCA" of 4,006.8 million Baht, which increased 20.0 percent as compared with the year 2015 which had recorded revenue of 3,338.0 million Baht. This was mainly due to the Company recording sales revenue of DEAN & DELUCA Inc. (U.S.A) together with the sales revenue of DEAN & DELUCA (Thailand) for the entire year in 2016, adding to the sales revenue resulting from the Joint Venture Agreement with Dean & DeLuca Japan Co., Ltd. forming the joint venture Dean & DeLuca Café Japan Co., Ltd. with revenue generated from the new cafes now open.

In addition, in 2016, the Company generated revenue from rental and service income of 53.5 million Baht, an increase of 27.3 percent as compared with the year 2015 of 42.0 million Baht. This was the result of increased occupancy rate at MahaNakhon CUBE with new tenants now open.

Other revenues have increased to 31.4 million Baht, an increase of 34.9 percent as compared with the year 2015 which had recorded other revenues of 23.3 million Baht. This was the result

of the reversion of accrued construction cost of Saladaeng Residences Project to become the other income.

As of December 31<sup>st</sup>, 2016, the Company and its subsidiaries had a total of 7 developments that are either completed or on-going, these are Ficus Lane, Saladaeng Residences, MahaNakhon, MahaSamutr, Nimit Langsuan, as well as the new Naradhiwas-Rajanakarin, and Niseko projects. The summary of all the projects are following below:

Project	Location	Type of project	No. of units	Sale area (sq.m.)	Project value for sale (Million Baht)	Recognizable Portion (%)	Construction Period
<b>COMPLETED PROJECTS:</b>							
1. Ficus Lane	Sukhumvit 44/1 Road	Condominium	70 residences	12,109.8	900	100	2004 - 2006
2. Saladaeng Residences	Saladaeng Soi 1, Silom Road	Condominium	132 residences	13,087.9	2,310	100	2008 - 2011
<b>DEVELOPING PROJECTS:</b>							
3. MahaNakhon:	Naradhiwas-Rajanakarin Road	Mixed-use	-	-	-	-	2011 - 2017
3.1 The Bangkok Edition		5-star luxury boutique hotel	155 keys	Area for services	-	-	2011 - 2017
3.2 The Ritz-Carlton Residences, Bangkok		Super luxury residences	209 residences	47,725.44	15,000	72.7*	2011 - 2017
3.3 Lifestyle retail:		Lifestyle retail		Area for services			
- MahaNakhon CUBE		Lifestyle retail	-	5,003	-		2011 - 2014
- Retail Hill		Lifestyle retail	-	2,434	-		2011 - 2017
- MahaNakhon Observation Deck		Viewpoint area	-	2,139	-		2011 - 2017
4. MahaSamutr	Soi 112 Hua-Hin District, Prachuab khirikhan Province	Luxury resort-style villas and private club					2013 - 2018 (some parts to be finished in 2016)
4.1 Luxury Villa		Luxury resort-style villas	80 villas	-	4,000	26.3*	2013 - 2017
4.2 Country Club		Luxurious Country Club	-	-	-	-	2013 - 2018
5. Nimit Langsuan	Langsuan Road	Super luxury condominium	not exceeding 189 residences	25,325	8,000	87.2*	2016 - 2018
6. Naradhiwas-Rajanakarin Project (new)	Naradhiwas-Rajanakarin Road	Super luxury condominium	36 residences	18,637	3,000	-	2016 - 2019
7. Niseko Project (new)	Hokkaido, Japan	Luxury resort villas	37 villas	-	4,000	-	2019

\* % of total unit sold.





Furthermore, the Company is planning to market and sell a new super luxury condominium project on Naradhiwas-Rajanakarin Road in H1 2017 which began construction in late 2016. The Company is also currently in the process of preparing the concept and design for a new Niseko project as well as seeking the necessary permits to comply with Japanese regulations, it is planned that this Japanese project will be launched in the year 2017.





The main target group for the Company's real estate development is high purchasing power Thais and foreigners seeking leading quality, prime locations and design driven functionality. Given this respect, the Company considers and sets the selling price per square meter appropriate for each project based on location and project concept. For lifestyle retail: MahaNakhon CUBE, MahaNakhon Observation Deck, and rooftop bar the main target group includes tourists both domestic and international, residents in the surrounding neighborhood, hotel guests, owners and residents of the residential building of MahaNakhon development, tourists as well as management and workers in the Bangkok CBD and nearby offices.

The target audience for gourmet food and beverage business under DEAN & DELUCA brand are quality conscious consumers wanting premium ready to eat food and beverages as well as ingredients and retail items.

DEAN & DELUCA is operated by the Company under 2 subsidiaries, and 1 joint venture company:

Subsidiaries	by	Type of Business	Started since
1. Dean & DeLuca Inc. (USA)	Company	Premium supermarket and gourmet food and beverage in USA	December, 2014 (since acquired)
2. Dean & DeLuca (Thailand) Co., Ltd.	Company	Premium supermarket and gourmet food and beverage in Thailand	April, 2015 (since acquired)
3. Dean & DeLuca Café Japan Co., Ltd.	Dean & DeLuca Japan Co., Ltd (DDJ)	Premium supermarket and gourmet food and beverage in Japan	March, 2016 (since the joint venture agreement)

The completed real estate developments are Ficus Lane, which is the Company's first residential condominium project and Saladaeng Residences project

	<p><b>LOCATION</b> Soi Sukhumvit 44/1 (Pichaisawat), Sukhumvit Rd., Klong-Toei district, Bangkok</p> <p><b>PROJECT AREA</b> 2-3-57 Rai (1,157 sq.w.)</p>	<p><b>NO. OF UNIT</b> 70 residences</p> <p><b>PROJECT VALUE FOR SALE</b> Approx. 900 Million Baht</p> <p><b>YEAR OF COMPLETION</b> 2006</p>
 <p><b>FICUS LANE</b></p> <p>Details of the Project (As of December 31<sup>st</sup>, 2016)</p>	<p><b>SALES AREA</b> Approx. 12,109.8 sq.m.</p> <p><b>AVERAGE SALES PRICE PER SQ.M.</b> Approx. 75,000 Baht/sq.m.</p> <p><b>PROJECT DETAILS</b> Two 7-storey residential buildings with 7 floors above ground and 1 floor below ground</p>	<p><b>PROGRESS ON SALES</b> Proportion of contract signed 100% of the total sale area</p> <p><b>RECOGNIZABLE PORTION</b> 100%</p>
	<p><b>LOCATION</b> Soi Saladaeng 1, Silom Road, Silom sub-district, Bang-Rak district, Bangkok</p> <p><b>PROJECT AREA</b> 584 sq.w.</p>	<p><b>NO. OF UNIT</b> 132 residences</p> <p><b>PROJECT VALUE FOR SALE</b> Approx. 2,310 Million Baht</p> <p><b>YEAR OF COMPLETION</b> 2011</p>
 <p><b>SALADAENG RESIDENCES</b></p> <p>Details of the Project (As of December 31<sup>st</sup>, 2016)</p>	<p><b>SALES AREA</b> Approx. 13,087.9 sq.m.</p> <p><b>AVERAGE SALES PRICE PER SQ.M.</b> Approx. 180,000 Baht/sq.m.</p> <p><b>PROJECT DETAILS</b> One residential building with 25 floors above ground and 5 floors below ground</p>	<p><b>PROGRESS ON SALES</b> Proportion of contract signed 100% of total sale area</p> <p><b>RECOGNIZABLE PORTION</b> 100%</p>

Presently, the Company is developing high-end projects MahaNakhon, MahaSamutr, Nimit Langsuan, and the new Naradhiwas-Rajanakarin project which began construction since late 2016. Also, the Company has already bought the land plot for the new Niseko project. The details of all projects are as following below:





## MAHANAKHON PROJECT

Details of the Projects (As of December 31<sup>st</sup>, 2016)

“MahaNakhon”, the most significant complex of contemporary architecture with mixed-use functionality that consists of hotel, residences, and lifestyle retail. The details of the project are summarized as follows:

	Hotel	Residences	Lifestyle retail
Location	On Naradhiwas-Rajanakarin Road, Bangrak District, Bangkok		
Project Area	9 Rai 1 Ngan 51.1 sq.w.		
Sales area/Rental area (sq.m.)	Approx. 39,682	Approx. 47,725.44	Retail CUBE: 5,003 Retail Hill: 2,434 MahaNakhon Observation Deck: 2,139
Average sales price/sq.m.	Approx. 7,500 Baht/night	Approx. 314,298 Baht	Approx. 2,500 Baht
Project details	<p>The Bangkok Edition Hotel (1 - 20/F*)</p> <p><b>THE BANGKOK EDITION</b></p> <ul style="list-style-type: none"> <li>- A super luxury boutique hotel under a new brand of Marriott Group and is managed by The Ritz-Carlton Hotel Company</li> </ul>	<p>The Ritz-Carlton Residences, Bangkok (23 - 73/F)</p> <p><b>THE RITZ-CARLTON RESIDENCES BANGKOK</b></p> <ul style="list-style-type: none"> <li>- A super luxury residential development under an internationally recognizable brand</li> <li>- Residents enjoy the legendary service of The Ladies and Gentlemen of The Ritz-Carlton</li> </ul>	<p>MahaNakhon CUBE (B1 - 7/F) Retail Hill (1 - 5/F) MahaNakhon Observation Deck (74 - 77/F)</p> <p><b>MAHA NAKHON</b></p> <ul style="list-style-type: none"> <li>- A lifestyle retail center that hosts world-famous gourmet food and beverage providing Bangkok's leading dining experience, including Vogue Lounge, L'Atelier de Joël Robuchon, Morimoto, M Krub and DEAN &amp; DELUCA</li> <li>- World-class observatory providing views and experience from the highest building and viewing point in Bangkok, with associated Thai showcase experience and retail</li> </ul>
No. of unit	- 155 keys	- 209 residences	-
Project value for sale	-	Approx. 15,000 million Baht	-
Year of completion	2011 - 2017	2011 - 2017	2011 - 2017
Target group	Businessmen and both Thai and foreign tourists	High purchasing power group including Thai and foreign investors	Residents in the hotel and the residential building of MahaNakhon development and the neighboring areas including residents and workers in the adjacent offices. International and domestic tourists (Observation Deck)

\* The floor numbers were assigned by the project's sales department. 21<sup>st</sup> and 22<sup>nd</sup> Floors are omitted as service zones segregating 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.

## MAHASAMUTR PROJECT

Details of the Projects (As of December 31<sup>st</sup>, 2016)

Situated in an upper market beach resort town, MahaSamutr Hua Hin consists of luxury resort-style villas and a luxurious private members' Country Club set around Asia's largest man-made clear water lagoon and beach. The development provides an exclusive, private environment with a secluded elegant atmosphere, suitable for holidays, relaxation, family gatherings and recreational activities. The 800-meter-long lagoon, situated on the 72,000-sq.m. lot, is visible and directly accessible from all villas, providing fun activities, such as swimming, paddle-boarding, diving, and other water sports. Using the latest technology from leading global company Crystal Lagoons Corporation, the color and the quality of the water is tested and carefully monitored to ensure the highest standards of cleanliness, while also minimizing impact on the environment reservation and using energy saving measures.



Location	Soi 112 Hua-Hin District, Prachuabkhirikhan Province
Project area	Approximately 129 Rai 3 Ngan 17.3 sq. w.
No. of villas	80 luxury Villas
Sales price	Approx. 50 Million Baht/Villa
Project details	Residence: MahaSamutr Villas
	Country Club: Hua Hin Country Club, managed by PACE and supported by ILC (for members and residents)
	Beach Club: Mahasamutr Beach Club, managed by PACE and Supported by ILC (for residents)
Project value for sale*	Approx. 4,000 Million Baht (*Villa component only)
Construction period	Construction Q3 2013 - 2018, ownership transfer commencing in the late of 2017
Sales period	Sales office open Q2 2016, official sales commence Q2 2016
Project features	800-meter-long man-made lagoon (total area 72,000 sq.m.); artificial beach; gated secure community
Progress on construction (as of December 31 <sup>st</sup> , 2016)	Crystal lagoon completed, 50 Villas completed, and in the construction process continually.



## NIMIT LANGSUAN PROJECT

Details of the Project (As of December 31<sup>st</sup>, 2016)



NIMIT Langsuan, a super luxury 54-storey residential freehold development, centrally located on Langsuan Road and within walking distance to Lumpini Park. Designed and built to the highest international standards, the tower is seemingly made entirely of amber glass, a result of the state-of-the-art facade, wrapping the building in three-dimensional molded glass to create a timeless and elegant architectural statement. NIMIT Langsuan features homes, ranging from 77-640 square meters and offering two-four bedroom layouts, with views overlooking Lumpini Park, Royal Bangkok Sports Club, Langsuan Village and Chidlom. Residents enjoy a wide range of facilities with the lush garden entrance providing a unique greeting upon arrival.

Location	Soi Langsuan
Project area	Approx. 2 Rai 2 Ngan 40.2 sq. w.
Sales area	Approx. 25,325 sq.m.
Sales price	Approx. 300,000 Baht/sq.m.
Project details	A super luxury residential development with 54 floors, not exceeding 189 residences
Project value for sale	Approx. 8,000 Million Baht
Construction period	2016 - 2018
Sales period	Since Q1 2015 - Present
Project features	<ul style="list-style-type: none"> <li>• Lush Garden - Ground floor</li> <li>• Amenities 10<sup>th</sup> floor</li> <li>• Parking 100%</li> </ul>
Progress on construction (as of December 31 <sup>st</sup> , 2016)	Already received EIA and in construction process

## NEW PROJECTS

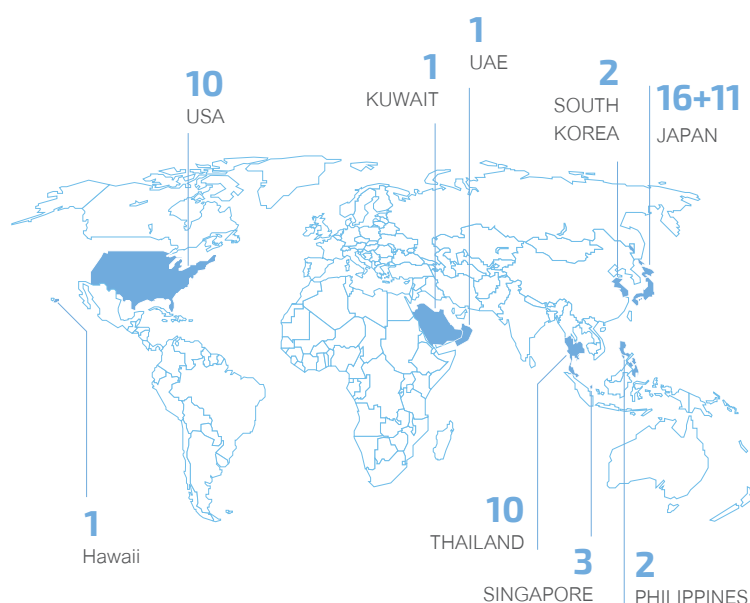
Details of the New Projects (As of December 31<sup>st</sup>, 2016)

	Naradhiwas Project	Niseko Project
Location	Naradhiwas-Rajanakarin Road	Niseko, Hokkaido Japan
Project area	2 Rai 87.4 sq.w.	87 Rai 3 Ngan 33.3 sq.w.
Sales area	Approx. 18,637 sq.m.	-
Sales price	Approx. 150,000 Baht/sq.m.	Approx. USD 1- 5 Million/Villa
Project details	46 Floors	-
No. of unit	36 Residences	Resort villa 37 villas
Project value for sale	Approx. 3,000 Million Baht	Approx. 4,000 Million Baht
Year of completion	2019	2019
Sales period	-	-
Recognizable portion	-	-

Alongside high-end real estate development, the Company also operates gourmet food and beverage lifestyle retail under the DEAN & DELUCA brand. DEAN & DELUCA provides the world's finest epicurean treats from around the globe, sharing a passion for cooking, eating and entertaining.

As of December 31<sup>st</sup>, 2016, the Company owns 10 stores in USA, 10 stores in Thailand, and co-owner of 11 stores in Japan as a joint venture agreement with a partner in Japan for café format; totaling 31 stores. Additionally, the Company has sold licenses to officially operate DEAN & DELUCA abroad for licensees including Japan, Singapore, South Korea, Philippines, Kuwait, United Arab Emirates (UAE) and Hawaii (USA) totaling a further 26 stores worldwide. As at year end 2016 the total number of DEAN & DELUCA stores worldwide is now 57. The Company plans to continue to expand the number of stores both in Thailand and other countries directly, as well as continuing to sell licenses and the tradename to its licensees.

The map below shows the locations of DEAN & DELUCA stores worldwide as of December 31<sup>st</sup>, 2016.





## 2. MARKETING AND COMPETITION

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### 1. COMPETITIVE STRATEGY AND PRODUCT DISTRIBUTION

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#### Real Estate Development Business

PACE and its subsidiaries focus on high-end residential development, lifestyle retail business, and hospitality as its key segments. The “Zero Defect” policy provides strict quality control measures combined with innovation, dedication and leadership in design, to match the needs of the high-end consumer.

The Company sets pricing based on market conditions comparable to other competitors in the same industry with premiums for innovative design, prime locations, high standards of facilities, services integration and mixed-use convenience where possible. Through service and quality delivered to its customers, the Company has also built brand loyalty which enables a further premium in pricing for each property.

#### Gourmet Food and Beverage

DEAN & DELUCA offers a wide variety of specialty and gourmet food such as butcher products; seafood and shellfish products; hors d'oeuvres and appetizers; bread and bakery items; cheeses; pastas, rice, and grains; salts and seasonings; coffees, teas, and beverages; desserts and snacks; jams, syrups, and honey; oil, vinegar, and condiments; and kitchen and dining ware. The Company offers a wide variety of both local classics as well as international ingredients and dishes. DEAN & DELUCA offers these products through its stores.

Customers have the option to shop DEAN & DELUCA's online catalog, which includes many of the same seasonal and year round selections available in store. Customers' purchases are shipped directly to them, letting them escape the hassle of running to the store. In most cases, orders are shipped the same day the order is placed.

DEAN & DELUCA also offers catering services for both private and corporate events in many of its locations. Catering menus vary by store location, but all offer the same quality food and service clients expect from DEAN & DELUCA.

DEAN & DELUCA offers a wide variety of gifting solutions for both private and corporate clients. Gift orders can be placed online and will be delivered directly to the recipient's door. Customers can shop DEAN & DELUCA's wide assortment of

pre-made gift baskets or make their own custom gift basket from Dean & DeLuca's wide offerings. For corporate clients, DEAN & DELUCA offers customized, full-service corporate gifting plans designed to meet client's particular gifting needs.

The corporate clients business consists of 3 distinct distribution channels: Corporate Gifting (sales to corporate customers), Hospitality (sales to hotels for mini-bars and airlines for in flight consumption), and Wholesale (sales to select high-end boutique retailers of gourmet food products).

DEAN & DELUCA's international business consists of licensing the brand and operation to international multi-channel operators. Revenue streams consist of a sales- based royalty, initial licensee fees and an up charge on products sold by DEAN & DELUCA in the U.S. to the international operators.

DEAN & DELUCA seeks placement of locations in high visibility, high income trade areas that can draw combinations of residential, office, and tourist consumers to its central business district locations. Locations are assessed on demographic factors, store sizes, permitted zoning laws, unit economics, visibility, retail adjacencies with both complementary and competitive retailers, and foot and vehicle traffic density, among other qualitative factors.

DEAN & DELUCA's founding philosophy is to introduce consumers to high quality food products and prepared food that are authentic “old world” culinary traditions and were unfamiliar, at that time, in the United States marketplace. Since then, it has evolved into a mission to introduce consumers to any culinary trend or product that may be exciting, unfamiliar or noteworthy, and the brand is now truly global in its reach.

## 2. MARKET CONDITIONS AND COMPETITION

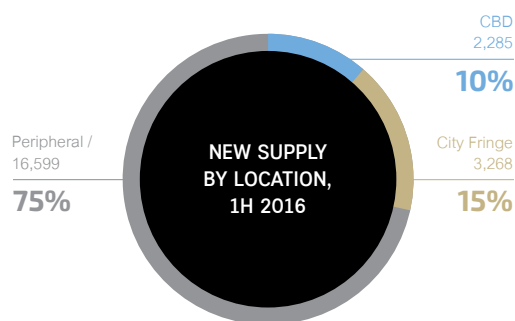
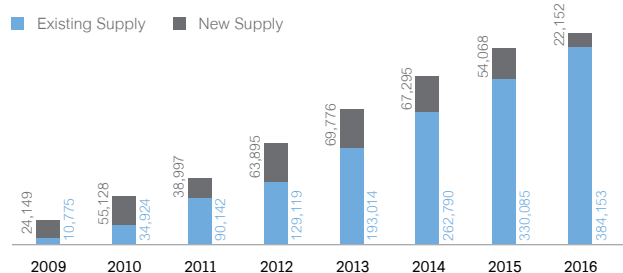
### Real Estate Development Business

The Bangkok real estate market features a number of segments within the large metropolitan area, PACE focuses exclusively on inner city prime CBD super luxury developments.

CBD new supply is only 10% of total condominium new supply driven by a lack of available land suitable for development. This scarcity has driven prices higher for CBD selling prices over the last 8 years:

### Overall Supply of Condominiums by Location

SUPPLY & NEW SUPPLY OF BANGKOK CONDOMINIUM, 2009 - 1H 2016

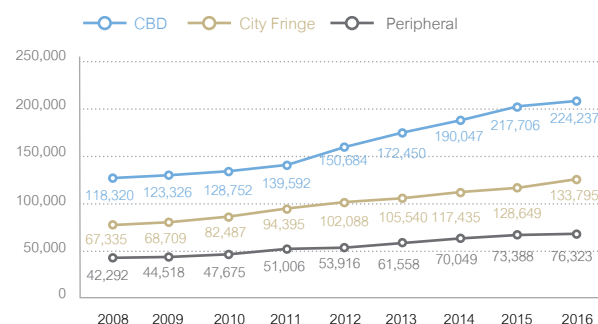


Source : Knight Frank Thailand's Research

Bangkok new and existing condominium supply at the end of Q2 2016 reached a total of 406,305 units, with 75% of new supply in H1 2016 in the Peripheral area (outer Sukhumvit, Thonburi), particularly along the Northern parts of Bangkok.<sup>1</sup> Growth outside the CBD is being driven by expanded mass transit infrastructure and land availability.

2016 saw a slight slowdown in the overall rate of growth of supply for Bangkok condominiums, reflecting developers focused on selling existing supply, as the mid end of the market started dealing with industry factors including increasing mortgage rejection rates.

BANGKOK CONDOMINIUM AVERAGE SELLING PRICE, 2008 TO 1H 2016



Source : Knight Frank Thailand's Research

For the first half year of 2016, average selling price per square meter for Bangkok condominiums located within CBD areas rose to THB 224,237, higher than City Fringe THB 133,795 or Peripheral areas THB 76,323.

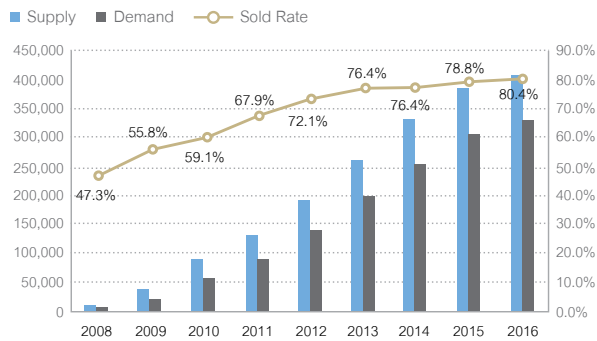
Pricing per square meter has increased market wide for period 2008 to 2016. In particular, CBD average prices have increased approximately 90% in 8 years. Increase in demand outstrips increase in supply with the sold rate increasing steadily since 2008, as the trend of condominium living in the city increases. The sold rate overall for Bangkok condominiums reached to 80.4% during the first six months of 2016, with 326,871 units sold out of the total of 406,305 available condominium units.<sup>1</sup>

#### References:

- <sup>1</sup> Knight Frank. "Bangkok CONDOMINIUM Market Overview 1H 2016." (2016): 1-4. Web. 24 Jan. 2017. <<https://kfcontent.blob.core.windows.net/research/907/documents/en/1h-2016-bangkok-condominium-4116.pdf>>.



#### BANGKOK CONDOMINIUM SUPPLY, DEMAND & SOLD RATE, 2008 - 1H 2016



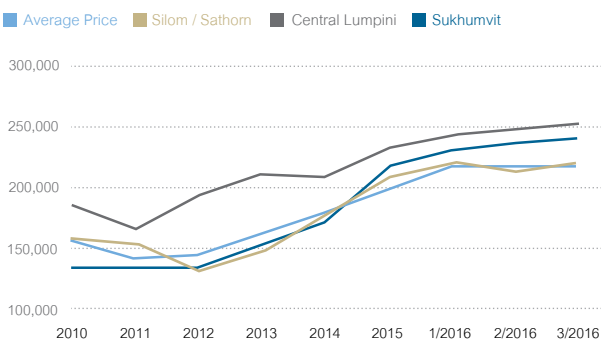
Source : Knight Frank Thailand's Research

#### Super Luxury Condominium Market Overview

As of 2016, super luxury condominiums (also referred to as super-prime) are defined as condominiums exceeding 250,000THB per square meter, located in prime inner city, featuring high quality fit outs, extensive facilities and amenities, combined with professional management.<sup>2</sup>

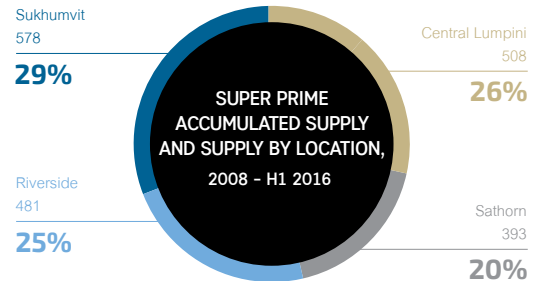
In 2016, the super luxury real estate Bangkok development market saw a stable growth in demand over the year, with the segment unaffected by any economic slowdown. The average asking price per square meter for freehold high-end off-plan CBD Bangkok developments has steadily increased since 2012:

#### AVERAGE ASKING PRICE OF FUTURE UNITS CLASSIFIED AS HIGH - END AND ABOVE (OFF - PLAN)



Source : CBRE Research, Thailand

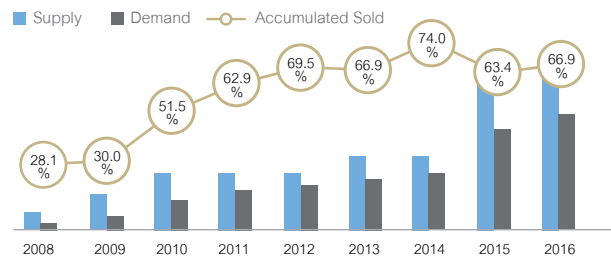
CBRE Research recorded multiple high-end projects launches and record off-plan sales prices in 2016. Thai buyers account for approximately 85% of total units sold in luxury condominium residential projects in Bangkok with strong demand for Bangkok's prime residential areas such as Sukhumvit, Sathorn, and Central Lumpini.<sup>3</sup>



Source : Knight Frank Thailand's Research

Market supply is distributed fairly evenly between Sukhumvit, Lumpini, Sathorn, and Riverside locations.<sup>4</sup>

#### SUPER PRIME, DEMAND AND ACCUMULATED SOLD RATE, 2008-H1 2016



Source : Knight Frank Thailand's Research

While 2015 saw a substantial increase in new supply of super prime/super luxury developments, demand increased to match. It is forecasted that supply for super luxury Bangkok segment will continue to grow faster than mid to lower-end sector in 2017, as developers target buyers with fewer difficulties in obtaining financing.<sup>3</sup>

#### References:

- <sup>2</sup> "Bangkok Condo Research." CBRE Thailand, n.d. Web. 16 Feb. 2017. <<https://www.cbre.co.th/en/SubServices/bangkok-condo-research>>.
- <sup>3</sup> CBRE, Thailand. "Record Off-Plan Bangkok Luxury Residential Prices in 2016." CBRE Thailand. N.p., 21 Dec. 2016. Web. 24 Jan. 2017. <<https://www.cbre.co.th/News/Article/Record-Off-Plan-Bangkok-Luxury-Residential-Prices-in-2016>>.
- <sup>4</sup> Leelamanit, Panon. "BANGKOK Super Prime and Prime Condominium Market Overview H1 2016." (2016): 1-5. Knight Frank. Web. 25 Jan. 2017. <<https://kfcontent.blob.core.windows.net/research/954/documents/en/h1-2016-bangkok-prime-condominium-4117.pdf>>.

### Land Pricing Analysis

Development of super luxury developments is dependent on being able to acquire suitable CBD land plots for new projects. Data appraised value of land from the Thailand Treasury Department land prices in 2016 in Bangkok rose by 15.78% over the previous year. Highlighted top 5 area average prices are summarized below:<sup>5</sup>

No.	Area	Estimated Land Value (Baht / sq. wah)
1	Silom Road	1,000,000
2	Ploenchit-Rajdamri Road	900,000
3	Sathorn-Wireless Road	750,000
4	Yaowarat Road	700,000
5	Sukhumvit Road	650,000

The highest land price sales recorded to date have been in Siam Square, Chidlom and Ploenchit at 1.75 million Baht per square wah.<sup>6</sup> It is anticipated that reduction in suitable plots for high rise development combined with demand for land will continue to drive up the cost of land in prime locations in 2017.

### Gourmet Food and Beverage Business

DEAN & DELUCA seeks to appeal to people passionate about high quality food products and food experiences, and care about choice amongst the finest producers, ingredients and prepared foods that the Company can source on their behalf. We strive to cater to a knowledgeable consumer base with the personal income to seek out and pay for high quality ingredients and food experiences. Given the Company's offering of market and café formats, the brand offers equal opportunity for time-pressured consumers to have a high quality convenience coffee and meal, or a home chef seeking broad ingredients for their own preparation purposes.

As a pioneer of importing and selective sourcing, DEAN & DELUCA has established a price point that reflects the product differentiation and considers its competitors. The customers will recognize the materials and products that have been carefully selected and prices at comparable quality.

DEAN & DELUCA has established a successful multi-location, multi-format retail footprint in the United States market, a diversified direct channel distribution strategy to consumers and corporate customers, and a successful license model that has allowed it to develop multi-channel operations over 46 store locations. DEAN & DELUCA focuses on offering high quality food products, providing good service and impressive experiences, treating its customers, employees, and partners with integrity. As well as it develops good relationships within the organization; including operation and excellent brand management.

Due to the original uniqueness of the DEAN & DELUCA brand heritage, the business has historically required modest marketing and public relations support to successfully expand in both domestic U.S. and international markets. Marketing and public relations enhancement strategies that have been selectively used to launch segments, locations, products, and brand stories have been refined by the Company and will be used more aggressively to differentiate the DEAN & DELUCA brand experience from other high-end food retail offerings or gourmet-style grocers.

#### References :

<sup>5</sup> "สี่ลม-เพลินจิตแพงที่สุด." [www.thairath.co.th](http://www.thairath.co.th). Thairath Online Newspaper, n.d. Web. 20 Feb. 2017. <<http://www.thairath.co.th/content/551838>>.

<sup>6</sup> Pornchokchai, Sopon, Dr. "Land Prices in Thailand: Latest Figures." Agency for Real Estate Affairs, 06 May 2015. Web. <[http://www.area.co.th/english/area\\_announce/area\\_anpg.php?strquery=press\\_announcement947.htm](http://www.area.co.th/english/area_announce/area_anpg.php?strquery=press_announcement947.htm)>.





### 3. MARKETING RESEARCH AND COMMUNICATIONS

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#### Real Estate Development Business

The Company's pricing model for its developments is based on market research in a competitive range when compared to projects of similar nature.

Super luxury development pricing is highly customized, and the Company uses a strategy of constant review and adjustment to ensure that pricing achieves corporate objectives, while maintaining customer satisfaction levels and staying in line with changes in market conditions. Sales are created using both a direct sales force along with a network of leading agents, and marketing generates leads and visits for both sales channels.

Marketing communications and public relations aims to connect with affluent customers efficiently and effectively through various marketing channels. Marketing tools including direct marketing, focused events, partnerships with key 3<sup>rd</sup> parties and customer relations management enable marketing messages to reach targeted high-end customer audiences. Show units present high quality standards of materials and strengths of the project,

enhancing guidance for buyer's decision making and confidence. PACE uses extensive digital marketing platforms including websites and social media applications: Facebook, Instagram, YouTube-to share relevant information quickly at low cost to clients in Thailand and around the globe.

PACE also organizes project road shows locally and abroad as well as a network of agents and other channels including project reviews and listings on different online property portals. Traditional advertising media such as print media, magazines, newspapers, and billboards are also used to create brand awareness and generate additional leads for each project.

Importantly, PACE has a reputation built through creating leading luxury developments in the past, so the Company focuses heavily on maintaining strong relationships with existing clients, to create cross-sell and repeat purchase opportunities with each new development.

### 3. SUPPLY OF PRODUCTS OR SERVICES

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#### Real Estate Retail Business

Situated in a business center area, PACE's lifestyle retail center (MahaNakhon CUBE) is situated in the middle of large office buildings and residences with direct BTS access at Chongnonsi opening in late 2017. As the entire MahaNakhon development reaches full operations, it is expected that retail leasing rates will continue to increase, reflecting strong trading and traffic.

CUBE provides the finest world-class fine dining in Bangkok; including, the world's first "VOGUE Lounge", and French Michelin Star Chef concept "L'Atelier de Joël Robuchon", South East Asia's first "Morimoto", modern Chinese "M Krub", and "DEAN & DELUCA" Gourmet Food Hall. Lifestyle services include "Verita Health MahaNakhon", PACE's own client service sales gallery, quality shoes "Don's Footwear", and premium "MahaNakhon Bespoke Tailoring".

#### Real Estate Hotel Business

MahaNakhon also features the "Bangkok Edition" a new 5-star luxury boutique hotel brand under Marriott Group managed by The Ritz-Carlton Hotel Company, a co-creation of Bill Marriott, CEO of Marriott International, and Ian Schrager, a renowned hotelier specialized in boutique hotel service design. Chosen for its reputation and management team, Marriott's brands provide access to the world's leading hotel reservation system, and will target businessmen, Thai, and foreign tourists with high-purchasing power.

Moreover, the Company also provides hospitality services at MahaSamutr Country Club Hua Hin, with a wide-range of facilities, sports, dining, and accommodation for members in the township's first Country Club.



### Gourmet Food and Beverages Business

DEAN & DELUCA has a diversified direct channel distribution models that includes the stores by its investment and by its licensees worldwide, e-commerce, and international business-to-business that the Company foresees great growth opportunities in the future.

1. Expanding store locations by the Company's investment in the United States and international markets as well as signing with new licensees.
2. Investment in brand could impact worldwide recognition of DEAN & DELUCA and help driving expansion in all channels.
3. The attention from a landlord with DEAN & DELUCA which could have a result in a power to negotiate for store expansion.
4. The performance of online sales from orders across the United States and some orders from worldwide stores indicates that DEAN & DELUCA has a strong brand and becomes the needs of the market. Besides, the Company recognizes the importance of the increasing internet users and smart phones help contribute the growth of business; therefore, the Company intends to use technology to boost sales performance more in the future.





## 4. UNDELIVERED UNITS

As of December 31<sup>st</sup>, 2016

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)			
MahaNakhon	Mixed-use project consisting of residential condominium, hotel, and lifestyle retail center	9 Rai 1 Ngan 51.1 sq.w.	Residential condo 209 residences	90	128	Subsidiaries' net investment in the land cost and construction cost of 8,129 MB.	2009 - 2017	2011 - 2017	From Q2 2016 onwards
MahaSamutr	Luxury villas and country club	129 Rai 3 Ngan 17.3 sq.w.	80 villas and country club membership	65	21	1,069	2015 - 2017	2013 - 2018 (some parts to be finished in 2015)	From the end of 2017 onwards
Nimit Langsuan	A super luxury residential freehold development	2 Rai 2 Ngan 40.2 sq.w.	not exceeding 189 Residences	15	163	6,552	2015 - 2017	2016 - 2018	From the end of 2018 onwards
New project on Naradhiwas-Rajanakarin Road	A super luxury residential freehold development	2 Rai 87 sq.w.	36 Residences	-	-	-	-	-	Approx. 2019
New project in Niseko, Japan	Resort villa	87 Rai 3 Ngan 33.3 sq.w.	37 Villas	-	-	-	-	-	Approx. 2019

# RISK FACTORS

## STRATEGIC RISK FACTORS

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### RISK OF INVESTMENT IN THE NEW NISEKO PROJECT, HOKKAIDO, JAPAN

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The Company has extensive expertise in the Thai high-end real estate development business. Investment abroad may encounter risks of regulatory restrictions, lack of local expertise in management and ensuring control. Some risk may stems from the Company not necessarily being familiar with the Japanese's laws, regulations, and taxes. Furthermore, there are certain other external risks in Japan including the possibility of natural disasters such as earthquakes or severe weather conditions, both of which are known to affect the country at a different risk level than Thailand.

To manage these risks, the Company has appointed Japanese consultants including Deloitte, CBRE, and JETRO (Japanese External Trade Organization) to provide preliminary advice on structuring taxes, market and competition possibilities, as well as advice regarding building regulations in Japan, including supporting submissions for all relevant licenses within local regulations and following the correct optimised tax structure. The Company also plans to appoint an accounting firm and legal counsel to assist in establishing a subsidiary in Japan. In addition, the Company plans to hire a Japanese architect who will be responsible to ensure the design of the project mitigates the impact of natural disasters that might occur, advise the Company and prepare insurance requirements for construction-related contracts during operation.

### RISK OF JOINT VENTURE AGREEMENT NAMELY DEAN & DELUCA CAFÉ JAPAN CO., LTD.

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Dean & DeLuca International, LLC has entered into a newly formed joint venture agreement with the current licensee Japan partner, Dean & DeLuca Japan Co., Ltd. for conducting the café business in Japan with Dean & DeLuca Café Japan Co., Ltd. which has total investment amount of JYP 850 million. In accordance with this agreement, Dean & DeLuca International, LLC granted an ongoing Trademark License Agreement for Dean & DeLuca Japan Co, Ltd. for operating the café business in Japan. Meanwhile, Dean & DeLuca Japan Co., Ltd. has transferred 6 café stores in Tokyo for starting up the expansion of cafes across Japan. In accordance with this agreement, the most significant potential risk factor is the possibility of disagreement or dispute between the partners should these companies have different viewpoints of management strategy in the future.

The Company, however, has minimized this risk through identifying and setting out a Deadlock Process of the joint venture agreement in case of the disputes. The process details are below:

1. Internal Escalation
2. Local Mediation Process-Tokyo, Japan Commercial Arbitration Association "JCAA"
3. International Arbitration Process-Singapore, Singapore International Arbitration Center "SIAC"

Although the business operations of the Company may be affected during the term of the disagreement process, the Company believes that the joint venture agreement and Deadlock Process will therefore benefit the Company without loss of ensuing benefits. In addition, the Company has developed and implemented a management team to closely manage the business operations, and maintains strong relationships with the Japanese partner.



## OPERATIONAL RISKS

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### RISKS ARISING FROM THE PROJECT THAT IS NOT COMPLETED ON SCHEDULE

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Most of the Company's real estate projects are very big and high value which are created and delivered featuring world-class design and global standard premium quality. The construction management team and contractor team that the Company hires also are selected based on delivery of high quality standards. There is a high degree of teamwork within the construction process, so if a team within the construction process fails to communicate adequately, it could cause mistakes in the works, or affect the construction process and timeline for delivery.

For instance, the MahaNakhon project currently under development has been delayed from its original plan. The Company, therefore, had to change the construction plans and schedule, while reducing further risks arising from delays using remedial action steps as follows:

- Ongoing Weekly meeting for the construction team to identify and address issues of concern to be solved immediately as per the planned schedule
- Sales team building stronger relationships with customers, including understanding, then updating and reporting the customers' expectations internally in order to forecast, prepare and solve issues. As a result, most customers can understand and accept the delay situation
- Accounting and Finance department estimates the financial costs arising from the delay in construction, and uses the advance and deposit received from the customers to minimize interest expense incurred.

### RISKS ARISING FROM MAJOR COMPETITORS IN MAIN BUSINESS LINE

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#### 1. Risks from competitors in super luxury residential real estate business

In 2016, the competition among super luxury residential real estate companies has grown more competitive. The average sale price per square meter for high-end condominiums now starts at 300,000 baht, and has risen significantly in the last few years. Due to increasing demand resulting from higher purchasing power, the market conditions have encouraged real estate developers to enhance factors for their prime projects, such as location, design, quality of materials and construction process, resulting in an increase in competition for the super luxury segment.

The Company focuses exclusively on serving the discerning needs of high-end customers and their lifestyle. Furthermore, PACE focuses on creating unique design features with premium quality of each project and closely monitoring all processes in construction. Therefore the Company maintains a leadership position in this market segment, which has been recognized by customers and will remain a long-term competitive strength within the super luxury segment.

#### 2. The Risk of Competition in Food and Beverage Business

The food and beverage business is a challenging and highly competitive industry not only due to relatively few barriers to market entry, but also because of the impact of multiple factors many of which are subjective such as consumer opinions on taste, pricing, quality, value, service and location. These factors are risks for the entrepreneurs who must also compete against other business owners. There is also a benefit in economies of scale for brand awareness as well as operations. Due to a limited number of store locations relative to major global chains, and the lead time required to expand stores worldwide sufficiently to reach all of its target group, coupled with the growth in the café/coffee market DEAN & DELUCA faces high competition. Although DEAN & DELUCA has a 40 year history and unique positioning, transforming into a global brand will mean facing substantial competitors to maintain existing country markets as well as expanding into new ones. The food and beverage business also has a learning curve, and is a fairly new business line for the Company. Lastly, new countries in which the Company has not previously done business has an inherent risk which is greater for new entrants.

To reduce risks, the Company will continue building a management team with direct past expertise in the food and beverage sector, while continuing to reinforce core strengths of the DEAN & DELUCA brand and respond to new trends in the market. In addition, the Company has prepared the business plan to rapidly expand into new territories, and will focus on selling licenses for DEAN & DELUCA, forming new partnerships which deliver local experience and knowledge for new country markets.

## CORRUPTION RISKS

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### RISKS ARISING FROM DIRECTORS, MANAGEMENT, AND EMPLOYEES FOR CORRUPTION EITHER DIRECTLY OR INDIRECTLY

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The Company has implemented the Anti-Corruption Policy, reviewing the Anti-Corruption Policy on a regular basis at least once a year. The Company has set the internal control system in respect of Anti-corruption, and persons responsible for examinations shall examine actions in the event of corruption occurrence, with channels for whistle-blowing acceptance and dishonesty complaint. The Company is installing an

anonymouswhistleblower channel using the Company website; [www.pacedev.com](http://www.pacedev.com). Although, the Company has the Anti-Corruption Policy, implementation takes time, and the Company therefore uses annual courses and training for employees of all levels to have the correct spirit in ethics strictly complying with the Anti-Corruption Policy.

## FINANCIAL RISKS

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Presently, the Company is focusing on expanding food and beverage business of DEAN & DELUCA, and developing real estate projects most of which are waiting for revenue recognition. Therefore, the Company needs short-term funds for investment. In 2016, the Company issued Bill of Exchange (B / E) for its working capital. Although the interest of issuing B / E is less than the interest of project loans, a financial risk could arise if the Company fails to show caution and control in spending.

The Company has reduced the risk as the accounting and finance department prepares annual cash flow projection and the monthly cash flow projection for financing. In addition, the Company will be able to repay its debt from the issuances of debentures and bills of exchange as the Company recognizes revenues from the MahaNakhon and MahaSamutr projects

### RISK RELATED TO INVESTMENT OF SECURITIES HOLDERS AND RISK RELATED TO THE ABILITY TO PAY DIVIDEND

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The Company is in the process of developing big projects such as MahaNakhon, MahaSamutr, Nimit Langsuan, the new Naradhiwas - Rajanakarin project, and the new Niseko project in Japan with total of 5 projects value approximately 34,000 Million Baht. MahaNakhon started to receive recognized revenues partially since 2016. This affects the Company's consolidated financial statements showing losses, and its unconsolidated financial statements may be negatively impacted, possibly further affecting the Company's ability to pay dividend. However, if and when the MahaNakhon, MahaSamutr, and Nimit Langsuan projects are completed successfully and revenues recognized as planned, the Company expects to generate profits and, as such, will be able to pay dividends to its shareholders. Since dividends will be paid out of retained earnings in unconsolidated financial statement only, the Company, therefore, is preparing for new projects in prime locations. 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, the Company will be able pay dividends to its shareholders based on its dividend policy.



# INTERNAL CONTROL AND RISK MANAGEMENT

## 1. OPINIONS OF BOARD OF DIRECTORS AND AUDIT COMMITTEE

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In the meeting of the Board of Directors (BOD) number 3/2017 on 28 February 2017, 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 referencing the "Internal Control System Assessment Form" of the Securities and Exchange Commission. There are 5 components of the SEC standards, namely Control Environment, Risk Management, Control Activities, Information & Communication, and Monitoring Activities.

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. The summary of the assessment is as follows:

### 1. CONTROL ENVIRONMENT

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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

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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 post 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. CONTROL ACTIVITIES

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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 relating 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 & COMMUNICATION

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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 completed 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 ACTIVITIES

The Company has the meeting of the Board of Directors (BOD) arranged 10 meeting and the meeting of the Audit Committee arranged 7 meeting. For Consider and monitor the performance of the management team to achieve the Target.

The Audit Committee considered and approved 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.

## 2. HEAD OF INTERNAL AUDITS AND HEAD OF COMPLIANCE

### Head of Audit

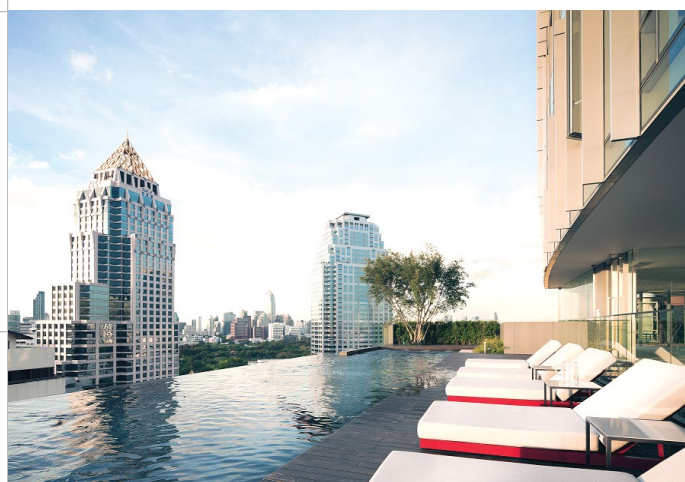
**Miss Montakan Teannetinun**

Vice President, Internal Audit Department

### Head of Compliance

**Mr. Sarath Pavorndechpong**

Deputy Executive Vice President,  
Legal & Compliance Department



# SECURITY AND SHAREHOLDER INFORMATION

## 1. THE COMPANY'S SECURITIES

As of December 31<sup>st</sup>, 2016, the Company has registered capital of 4,078,028,197 Baht, comprising of 4,078,028,197 ordinary shares, with the par value of 1 Baht, and paid-up capital of 3,758,028,197 Baht, comprising of 3,758,028,197 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 December 30<sup>th</sup>, 2016 are shown below:

Shareholder's name	Number of shares	%
<b>Group of Techakraisri's family</b>		
1. Mr. Sorapoj Techakraisri	1,326,855,937	35.31
2. Mrs. Yupa Techakraisri	150,224,814	4.00
3. Mr. Sumate Techakraisri	118,572,446	3.15
4. Mr. Chotipol Techakraisri*	18,334,362	0.49
5. Mr. Chumpol Techakraisri	12,288,190	0.32
<b>Total shares owned by Group of Techakraisri's family</b>	<b>1,626,275,749</b>	<b>43.27</b>
6. Mr. Wiwat Kraipisitkul	269,548,004	7.17
7. SCB Securities Co., Ltd. - 101S	137,416,400	3.66
8. Bell Investments Limited	134,026,000	3.57
9. BANK JULIUS BAER & CO. LTD, SINGAPORE	99,299,424	2.64
10. N.C.B.TRUST LIMITED-NORGES BANK 11	90,090,000	2.40
11. ROSALIND DEVELOPMENT LTD.	86,325,910	2.30
12. Mr. Sakesan Setthasakol	81,258,200	2.16
13. Thai NVDR Co., Ltd.	72,158,102	1.92
14. Mr. Wichai Vachirapong	50,996,800	1.36
15. Others	1,110,633,608	29.55
<b>Total</b>	<b>3,758,028,197</b>	<b>100.00</b>

\* Including shareholding of spouse.



### 3. DIVIDEND POLICY

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

#### 1. THE COMPANY'S DIVIDEND POLICY

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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

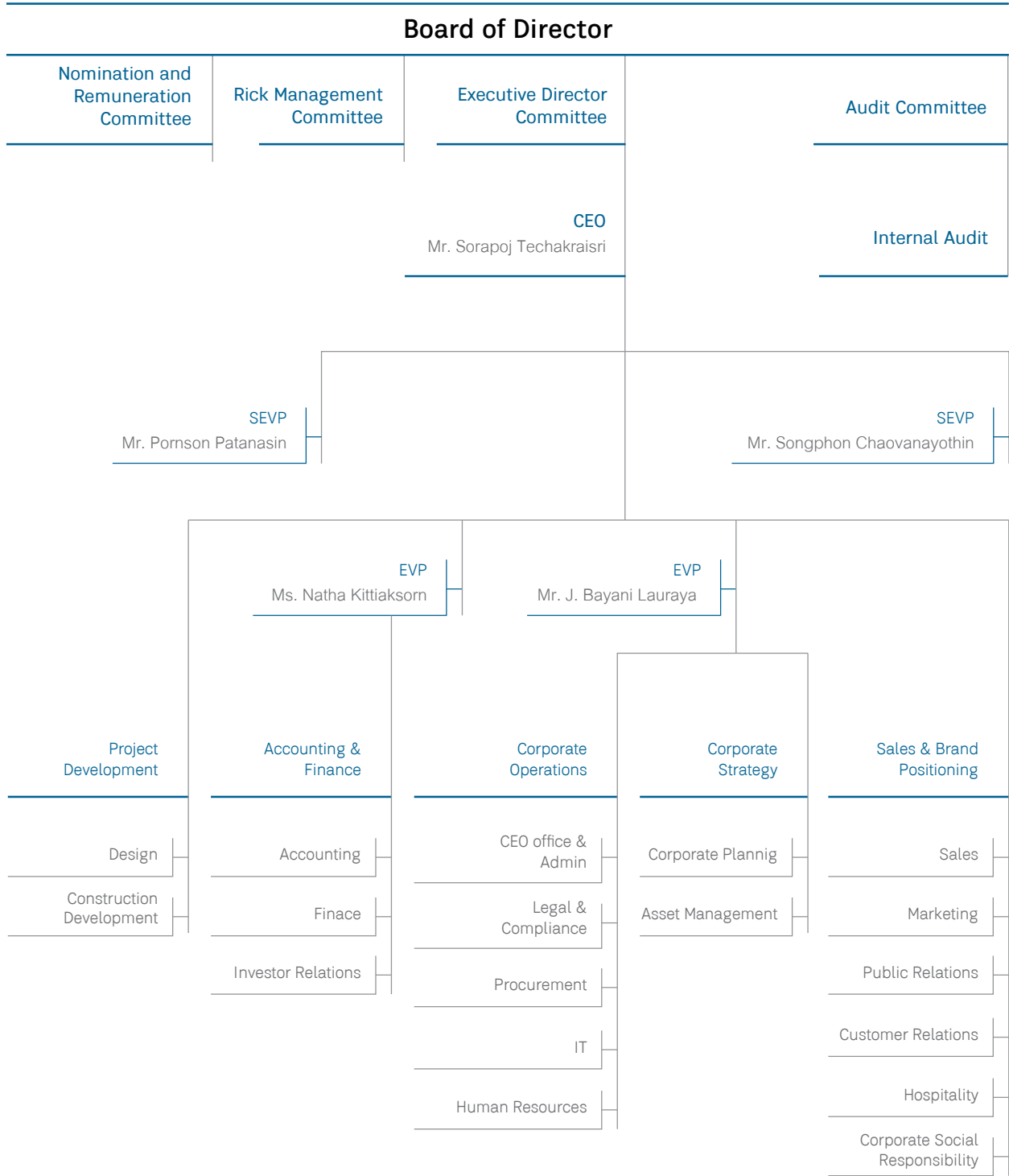
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For a subsidiary in which PACE holds 100% of its shares, such subsidiary maintains a policy to pay dividend of no less than 40% of its net profit after corporate tax and legal reserves, provided that such dividend payout does not significantly affect 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, PCC, PFR, 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 CHART



## 1. BOARD OF DIRECTORS

As of December 31<sup>st</sup>, 2016, the Company's Board of Directors consists of 9 members as following below:

Name	Position	Number of meeting	Number of meeting attended
1. Mr. Kraithip Krairiksh	Chairman of the Board	10	9
2. Mr. Chotipol Techakraisri	Vice Chairman of the Board	10	10
3. Mr. Sorapoj Techakraisri	Director	10	9
4. Mr. Chumpol Techakraisri	Director	10	10
5. Mr. Theera Vayakornvichitre	Director	10	9
6. Mr. Pornson Patanasin	Director	10	10
7. Mrs. Ladda Siri wattanakosol	Director / Chairman of Audit Committee / Independent Director	10	9
8. Mr. Prasert Patradhilok	Director / Chairman of Audit Committee / Independent Director	10	10
9. Ms. Benjaporn Prisuwana	Director / Chairman of Audit Committee / Independent Director	10	10

**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:

- The Board of Directors understands its fiduciary roles and responsibilities to shareholders and shows that it can perform such roles and assume such responsibilities
- 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

Company Secretary is Mr. Sarath Pavorndechapong.

## 2. MANAGEMENT

As of December 31<sup>st</sup>, 2016, the Company's management team consists of 5 members as the followings:

Name	Position
1. Mr. Sorapoj Techakraisri	Chief Executive Officer
2. Mr. Pornson Patanasin	SEVP / Executive Director
3. Mr. Songphon Chaovanayothin	SEVP / Customer Relations Director
4. Ms. Natha Kittiaksom	EVP / Chief Financial Officer
5. Mr. J. Bayani Lauraya	EVP / Chief Operating Officer

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



### 3. COMPANY SECRETARY

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

1. To produce and maintain the following documents:
  - (a) A register of directors;
  - (b) A notice calling a director meeting, minutes of the meeting of the Board of Directors and an annual report of the Company;
  - (c) A notice calling a shareholders meeting and minutes of the shareholders' meeting.

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 Company 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 Shareholders 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.

#### 1. DIRECTORS' COMPENSATION

The Company considers compensation packages paid to the Company's directors by comparing the rates in the same industry and proposed to the Nomination and Remuneration Committee, the Board of Directors, and it's been approved from the Annual General Meeting of Shareholders. The details are such following below:

A. Annual allowance (quarterly payment)	Baht/Year
Chairman	240,000
Member	180,000
B. Meeting allowance (pay per meeting)	Baht/Year
Chairman	12,000
Member	10,000

The following table shows the directors' compensation in 2016

2016					
Directors	Number of meetings attended				Compensation and attendance fee (Baht)
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	
1. Mr. Kraithip Krairiksh	9/10	-	-	-	348,000
2. Mr. Chotipol Techakraisri	10/10	-	1/1	1/1	296,000
3. Mr. Sorapoj Techakraisri	9/10	-	1/1	1/1	286,000
4. Mr. Chumpol Techakraisri	10/10	-	-	-	280,000
5. Mr. Theera Vayakornvichitre	9/10	-	-	-	270,000
6. Mr. Pornson Patanasin	10/10	-	-	-	280,000
7. Mrs. Ladda Siri wattanakosol	9/10	7/7	1/1	1/1	342,000
8. Mr. Prasert Patradhilok	10/10	7/7	1/1	1/1	352,000
9. Ms. Benjaporn Prisuwana	10/10	7/7	1/1	1/1	352,000

## 2. EXECUTIVES' COMPENSATION

The Company has set a clear policy on compensation for executives by linked to the operating results of the Company and individual job evaluation. In 2015 and 2016, the Company provided compensation to its executives in the form of salary, bonus, and other compensation for 5 executives in the amount of 44.5 million Baht and 46.6 million Baht, respectively.

**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.

### 1. TOTAL NUMBER OF EMPLOYEES

As of December 31<sup>st</sup>, 2016, the Company had total employees of 186 people, and paid the compensations with the total amount of 363.3 million Baht of which consists of salary, the cost of living allowance, bonus, social security funds, and provident funds, etc.

### Total number of employees and compensation

2016	Company	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Total
	PACE Development Corporation PLC.	PACE Country Club Co., Ltd.	PACE Interior Services Co., Ltd.	DEAN & DELUCA (Thailand) Co., Ltd.	DEAN & DELUCA INC.	YLP Co., Ltd.	PACE Creative Agency Co., Ltd.	
Operation Employee (person)	174	38	171	310	761	6	23	1,483
Executive Management (person)	12	3	1	21	9	1	2	49
Total (person)	186	41	172	331	770	7	25	1,532
Total of compensation (million Baht)	363.3	26.4	29.4	93.0	953.8*	9.8	13.7	1,489.4

\* USD 26,671,667.80, converted on December 31<sup>st</sup>, 2016

Details of the number of employees in each function as of December 31<sup>st</sup>, 2016 are shown in the following table:

Unit: Person

Functional line	31 Dec 2016
Executives of the Company and its subsidiaries	6
Accounting and Finance	21
Public Relations - Marketing	11
Sales	6
Legal	10
Design - Construction	47
Technical Management	8
Administration	19
Procurement	6
Internal Audit	2
Human Resources	6
CEO Office	9
Property Management	4
Hospitality Development	19
CSR	2
Compliances	2
Investor Relations	1
Corporate Strategy	7
Total	186



## 2. SIGNIFICANT CHANGE IN THE NUMBER OF EMPLOYEES IN THE PREVIOUS 3 YEARS

-None-

## 3. MAJOR LABOR DISPUTE IN THE PREVIOUS 3 YEARS

-None-

## 4. COMPENSATION FOR COMPANY'S EMPLOYEES

The Company provides compensation to its employees in the forms of salary, bonus, overtime, social security fund and provident fund to help employees lighten the expense loads and to hopefully elevate their standards of living. Compensation for employees in 2016 are shown below:

Unit: Million Baht

Type of compensation	2016
Salary, bonus, and other	358.5
Contribution to provident funds*	4.8
<b>Total</b>	<b>363.3</b>

\* The Company established a provident fund for employee on October 1<sup>st</sup>, 2011 onwards.

## 5. LABOR DISPUTE

-None -

## 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 teamplayers 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 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 knowledges, abilities, expertises, 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.

## Detail of Executives and Controlling Persons of the Company

### Mr. Kraithip Krairiksh

Chairman of the Board

Age 63

#### Educational Background

- Master's Degree in Economics, Northeastern University, U.S.A.
- Bachelor's Degree in Economics (B.A.), Tufts University, U.S.A.
- Director Accreditation Program (DAP), class 42/2005
- Corporate Governance for Capital Market Intermediaries (CGI), class 3/2015
- The Urban Development & Administration Training Course for The Executive Administrator (BMA.1),

Urban Green Development Institute

- Diploma, National Defence College, The Joint State - Private Sector Course Class.16, The National Defence College (NDC)

**Starting Date of Directorship**  
14 November 2013

**Shareholding proportion<sup>1</sup> (%)**  
-

**Relationship between the executive**  
-

#### Work Experience in the past 5 years

Duration	Position	Name of organization / company
2013 - Present	Chairman of the Board	Pace Development Corporation Public Company Limited (Property development)

#### Current Position in Listed companies

2015 - Present	Audit Committee / Independent Director	Major Cineplex Group Public Company Limited (Media & Publishing)
2009 - Present	Audit Committee / Independent Director	Samitivej Public Company Limited (Health care services)
2008 - Present	Audit Committee / Independent Director	Vanachai Group Public Company Limited (Construction materials)

#### Current Position in Non - listed companies

2017 - Present	Director	ASEAN Potash Chaiyaphum Public Company Limited (Potash Mining)
2009 - Present	Chairman of the Board / Independent Director	KT ZMICO Securities Company Limited (Securities)
2008 - Present	Director	Advance Energy Plus Company Limited (Energy and environment consultant)
2004 - Present	Director	Capital Market Development Fund Foundation
Present	Director	Affairs promotion of The Royal Cadet Academy (Education)

### Mr. Chotipol Techakraisri

Age 40

Vice Chairman of the Board / Authorized Director

#### Educational Background

- Bachelor's Degree in Finance and International Business, Seattle University, USA.
- Director Accreditation Program (DAP), class 90/2011

**Shareholding proportion<sup>1</sup> (%)**  
0.49 (by himself 18,089,278 shares and by spouse 245,084 shares)

**Relationship between the executive**

Elder brother of Mr. Sorapoj Techakraisri and Mr. Chumpol Techakraisri, cousin of Mr. Songphon Chaovanayothin

**Starting Date of Directorship**  
19 September 2011

#### Work Experience in the past 5 years

Duration	Position	Name of organization / company
2011 - Present	Vice Chairman of the Board / Director	Pace Development Corporation Public Company Limited (Property development)
2003 - 2011	Director	Cinkara Company Limited <sup>2</sup> (Property development)

#### Current Position in Listed companies

-	-	-
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#### Current Position in Non - listed companies

2017 - Present	Director	Dean & Deluca Airport Company Limited (Gourmet food and beverages)
2016 - Present	Director	Pace Management Company Limited (Property development)
2015 - Present	Director	Pace Creative Agency Company Limited (Marketing and advertising)
2015 - Present	Director	Pace Interior Services Company Limited (Interior design)
2014 - Present	Director	Pace Country Club Company Limited (Sport club)
2014 - Present	Director	Pace Food Retail Company Limited (Food and beverages)
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 & Deluca (Thailand) Company Limited (Gourmet food and beverages)
2008 - Present	Director	Fourteen Points Company Limited (Property development)
2007 - Present	Director	Pace Development Company Limited (Property development)
2007 - Present	Director / Managing Director	YLP Company Limited (Property development)
2007 - Present	Director	Pace Project One Company Limited (Property development)
2007 - Present	Director	Cinkara Property Company Limited (Property development)
2004 - Present	Director	MFT Development Company Limited (Property development)
2001 - Present	Director	Chadsan Phansuan Company Limited (Property development)

**Mr. Sorapoj Techakraisri**

Age 39

Chief Executive Officer / Authorized Director

**Educational Background**

- Bachelor's Degree in Business Administration (B.B.A.), Thammasat University
- Director Accreditation Program (DAP), class 91/2011

**Starting Date of Directorship**

19 September 2011

**Shareholding proportion<sup>1</sup> (%)**

35.31 (by himself 1,326,855,937 shares)

**Relationship between the executive**

Younger brother of Mr. Chotipol Techakraisri, elder brother of Mr. Chumpol Techakraisri and cousin of Mr. Songphon Chaovanayothin

**Work Experience in the past 5 years**

Duration	Position	Name of organization / company
2011 - Present	Director / Chief Executive Officer	Pace Development Corporation Public Company Limited (Property development)
2003 - 2011	Director / Chief Executive Officer	Cinkara Company Limited <sup>2</sup> (Property development)

**Current Position in Listed companies**

-

**Current Position in Non - listed companies**

2017 - Present	Director	Dean & Deluca Airport Company Limited (Gourmet food and beverages)
2016 - Present	Director	Pace Management Company Limited (Property development)
2015 - Present	Director	MahaNakhon Bespoke Tailoring Company Limited (Tailors)
2015 - Present	Director	Pace Creative Agency Company Limited (Marketing and advertising)
2015 - Present	Director	Pace Interior Services Company Limited (Interior design)
2014 - Present	Director	Pace Country Club Company Limited (Sport club)
2014 - Present	Director	Pace Food Retail Company Limited (Food and beverages)
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 & Deluca (Thailand) Company Limited (Gourmet food and beverages)
2008 - Present	Director	Fourteen Points Company Limited (Property development)
2007 - Present	Director	Pace Development Company Limited (Property development)
2007 - Present	Director	YLP Company Limited (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)
2004 - Present	Director	MFT Development Company Limited (Property development)
2003 - Present	Director	Mittraphap Bangplee Transportation Company Limited (Logistic)
2001 - Present	Director	Chadsan Phansuan Company Limited (Property development)

**Mr. Chumpol Techakraisri**

Age 37

Authorized Director

**Educational Background**

- Bachelor's Degree in Banking and Finance (B.B.A.), Chulalongkorn University
- Director Accreditation Program (DAP), class 10/2004
- Director Certification Program (DCP), class 102/2008

**Starting Date of Directorship**

19 September 2011

**Shareholding proportion<sup>1</sup> (%)**

0.33 (by himself 12,288,190 shares)

**Relationship between the executive**

Younger brother of Mr. Chotipol Techakraisri, Mr. Sorapoj Techakraisri and cousin of Mr. Songphon Chaovanayothin

**Work Experience in the past 5 years**

Duration	Position	Name of organization / company
2011 - Present	Director	Pace Development Corporation Public Company Limited (Property development)

**Current Position in Listed companies**

2004 - Present	Director / Executive	T. Krungthai Industries Public Company Limited (Automotive)
2003 - Present	Assistant to Managing Director	T. Krungthai Industries Public Company Limited (Automotive)

**Current Position in Non - listed companies**

2016 - Present	Director	Pace Management Company Limited (Property development)
2015 - Present	Director	Pace Creative Agency Company Limited (Marketing and advertising)
2015 - Present	Director	Pace Interior Services Company Limited (Interior design)
2014 - Present	Director	Pace Country Club Company Limited (Sport club)
2014 - Present	Director	Pace Food Retail Company Limited (Food and beverages)
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)
2007 - Present	Director	Cinkara Property Company Limited (Property development)
2004 - Present	Director	MFT Development Company Limited (Property development)
2001 - Present	Director	Chadsan Phansuan Company Limited (Property development)
2011 - 2016	Director	Lean Enterprise Company Limited (Import and Export Business)



**Mrs. Ladda Siri Wattanakosol**

Age 60

Independent Director /  
Chairman of Audit Committee**Educational Background**

- Master's Degree in Business Administration, Thammasat University
- Bachelor's Degree in Accountancy (B.B.A.), Chulalongkorn University
- Director Certification Program (DCP), class 99/2008
- Monitoring the Quality of Financial Reporting (MFR), class 5/2007
- Monitoring the Internal Audit Function (MIA), class 1/2007
- Monitoring the System of Internal Control and Risk Management (MIR), class 2/2008

- Audit Committee Program (ACP), class 20/2008
- Monitoring Fraud Risk Management (MFM), class 6/2011
- Anti - Corruption for Executive Program (ACEP), class 15/2015
- Compensation Committee (RCC), class 20/2015

**Starting Date of Directorship**  
19 September 2011**Shareholding proportion<sup>1</sup> (%)**  
-**Relationship between the executive**  
-**Mr. Prasert Patradhilok**

Age 60

Independent Director / Audit Committee

**Educational Background**

- Master's Degree in Business Administration, Chulalongkorn University
- Bachelor's Degree in Engineering, Prince of Songkla University
- Director Certification Program (DCP), class 20/2002
- Director Certification Program Refresher (DCP), class 1/2005
- Anti - Corruption the Practical Guide (ACPG), class 15/2014

**Starting Date of Directorship**  
19 September 2011**Shareholding proportion<sup>1</sup> (%)**  
-**Relationship between the executive**  
-**Work Experience in the past 5 years**

Duration	Position	Name of organization / company
2011 - Present	Independent Director / Chairman of Audit Committee	Pace Development Corporation Public Company Limited (Property development)
2007 - 2010	Independent Director / Audit Committee	ACL Bank Company Limited (Financial institution)
2005 - 2006	Executive Vice President - Strategic	TMB Bank Public Company Limited (Financial institution)

**Current Position in Listed companies**

2010 - Present	Independent Director / Chairman of Audit Committee	Industrial and Commercial Bank of China (Thai) Public Company Limited (Financial institution)
----------------	--	---

**Current Position in Non - listed companies**

-

**Work Experience in the past 5 years**

Duration	Position	Name of organization / company
2011 - Present	Independent Director / Audit Committee	Pace Development Corporation Public Company Limited (Property development)
2004 - 2015	President	Advisory Plus Company Limited (Financial advisor)

**Current Position in Listed companies**

2015 - Present	Independent Director / Chairman of Audit Committee	Wave Entertainment Public Company Limited (Media & Publishing)
2006 - Present	Independent Director / Chairman of Audit Committee	Fancy Wood Industries Public Company Limited (Production and distribution - parawood furniture)
2004 - Present	Independent Director / Chairman of Audit Committee	Boutique New City Public Company Limited (Supply and distribution women's clothing)

**Current Position in Non - listed companies**

2015 - Present	Director	Advisory Plus Company Limited (Financial advisor)
2009 - Present	Director	Plus Advisory Company Limited (Financial advisor)
2007 - Present	Director	Advance Energy Plus Company Limited (Energy and environment consultant)
2004 - Present	Director	Kindred Company Limited (Other investment)
2004 - Present	Director	Robinson Planner Company Limited (Bankruptcy plan advisor)
2004 - 2016	Vice Chairman	Investment Banking Club (Financial advisory club)

**Miss Benjaporn Prisuwanna**

Age 52

Independent Director / Audit Committee /  
Expert on Financial Accounting

<b>Educational Background</b>	<b>Starting Date of Directorship</b>
• Master's Degree in Accountancy, Chulalongkorn University	19 September 2011
• Bachelor's Degree in Accountancy, Chulalongkorn University	<b>Shareholding proportion<sup>1</sup> (%)</b>
• Director Accreditation Program (DAP), class 90/2011	-
• Compensation Committee (RCC), class 20/2015	<b>Relationship between the executive</b>
	-

**Mr. Theera Vayakornvichitre**

Age 39

Director

<b>Educational Background</b>	<b>Starting Date of Directorship</b>
• Master's Degree in Finance, Thammasat University	19 September 2011
• Bachelor's Degree in Finance, Thammasat University	<b>Shareholding proportion<sup>1</sup> (%)</b>
• Director Accreditation Program (DAP), class 91/2011	-
	<b>Relationship between the executive</b>
	-

Work Experience in the past 5 years		
Duration	Position	Name of organization / company
2011 - Present	Independent Director / Audit Committee	Pace Development Corporation Public Company Limited (Property Development)
Current Position in Listed companies		
2000 - Present	Executive Vice President & Manager	Bangkok Bank Public Company Limited (Financial institution)
Current Position in Non - listed companies		
2001 - Present	Director	Motion Link Company Limited (Advertising agency)

Work Experience in the past 5 years		
Duration	Position	Name of organization / company
2011 - Present	Director	Pace Development Corporation Public Company Limited (Property Development)
Current Position in Listed companies		
-		
Current Position in Non - listed companies		
2016 - Present	Director	Hi Prestige Company Limited (Trading)
2003 - Present	Director	Sansanee Industries Company Limited (Clothing export)
2002 - Present	Director	Fierce Publishing Company Limited (Publication)
2001 - Present	Director / Managing Director	Dynasty Apparel Company Limited (Manufacturer)

**Mr. Pornson Patanasin**

Director / Senior Executive Vice President

Age 56

<b>Educational Background</b>
• Bachelor's Degree in Business Administration, Assumption University
• Director Accreditation Program (DAP), class 91/2011
• Director Certification Program (DCP), class 192/2014

Starting Date of Directorship  
19 September 2011Shareholding proportion<sup>1</sup> (%)

-

Relationship between  
the executive

-

Work Experience in the past 5 years		
Duration	Position	Name of organization / company
2011 - Present	Director / Senior Executive Vice President	Pace Development Corporation Public Company Limited (Property Development)
2007 - 2011	Executive Committee / Chief Operating Officer	Pace Development Company Limited <sup>3</sup> (Property Development)
Current Position in Listed companies		
-		
Current Position in Non - listed companies		
2005 - Present	Director	Complete Data System Company Limited (Computer system service)

**Mr. Songphon Chaovanayothin**

Age 42

Senior Executive Vice President / CRM

**Educational Background**

- Bachelor of Business Administration, Assumption University
- Director Certification Program (DCP), class 217/2016

**Relationship between the executive**

Cousin of Mr. Chotipol Techakraisri, Mr. Sorapoj Techakraisri and Mr. Chumpol Techakraisri

**Shareholding proportion<sup>1</sup> (%)**

-

**Miss Natha Kittiaksom**

Age 48

Executive Vice President / Chief Financial Officer

**Educational Background**

- Master's Degree in Economics, Cal Poly Pomona, USA.
- Bachelor's Degree in Economics, University of California, Los Angeles (UCLA), USA.
- Director Accreditation Program (DAP), class 49/2006

**Shareholding proportion<sup>1</sup> (%)**

-

**Relationship between the executive**

-

**Work Experience in the past 5 years**

Duration	Position	Name of organization / company
2016 - Present	Director	Lean Enterprise Company Limited (Import, export and consulting)
2011 - Present	Senior Executive Vice President/CRM	Pace Development Corporation Public Company Limited (Property development)
2008 - 2011	Senior Executive Vice President	Pace Development Company Limited <sup>3</sup> (Property development)

**Work Experience in the past 5 years**

Duration	Position	Name of organization / company
2011 - Present	Chief Financial Officer	Pace Development Corporation Public Company Limited (Property development)
2011 - 2014	Executive Committee	Pace Development Corporation Public Company Limited (Property development)
2011 - 2013	Director	Pace Development Corporation Public Company Limited (Property development)
2007 - 2011	Chief Financial Officer	Pace Development Company Limited <sup>3</sup> (Property development)

**Mr. J. Bayani Lauraya**

Age 52

Executive Vice President / Chief Operating Officer

**Educational Background**

- Bachelor's Degree in Accounting & Finance San Francisco State University
- Director Certification Program (DCP), class 207/2015

**Shareholding proportion<sup>1</sup> (%)**

-

**Relationship between the executive**

-

**Work Experience in the past 5 years**

Duration	Position	Name of organization / company
2014 - Present	Executive Vice President / Chief Operating Officer	Pace Development Corporation Public Company Limited (Property development)
2011 - 2014	Executive Director / Chief Financial Officer	Boutique Asset Management Company Limited (Investment management and property development)
2005 - 2014	Managing Director	Baker Tilly Tax and Consulting Services (Thailand) Ltd. (Tax, accounting and management services)

**Note:**

<sup>1</sup> Including shareholding of spouse and minor children.

<sup>2</sup> Cinkara Company Limited has converted and registered to be a public company limited and changed name to Pace Development Corporation Public Company Limited.

<sup>3</sup> For the purpose of business restructuring, the officers of Pace Development Company Limited were transferred to Cinkara Company Limited. Recently, Cinkara Company Limited has converted and registered to be a public company limited and changed name to Pace Development Corporation Public Company Limited since 20 September 2011.



## Changes in PACE shares held by directors and management in 2016

No.	Name	Position	Shareholding as of 31 December 2015	Shareholding as of 31 December 2016	Increase / (Decrease) in share in 2016	Percentage of share holding (%)
1	Mr. Kraithip Krairiksh	Chairman of the Board	-	-	-	-
	Spouse and Minor Children		-	-	-	-
2	Mr. Chotipol Techakraisri	Vice Chairman of the Board	38,339,278	18,089,278	(20,250,000)	0.48
	Spouse and Minor Children		245,084	245,084	-	0.01
3	Mr. Sorapoj Techakraisri	Director / Chief Executive Officer	1,360,338,437	1,326,855,937	(33,482,500)	35.31
	Spouse and Minor Children		-	-	-	-
4	Mr. Chumpol Techakraisri	Director	12,288,190	12,288,190	-	0.32
	Spouse and Minor Children		-	-	-	-
5	Mrs. Ladda Siri wattanakosol	Chairman of Audit Committee	-	-	-	-
	Spouse and Minor Children		-	-	-	-
6	Mr. Prasert Patradhilok	Audit Committee	-	-	-	-
	Spouse and Minor Children		-	-	-	-
7	Miss Benjaporn Prisuwan	Audit Committee	-	-	-	-
	Spouse and Minor Children		-	-	-	-
8	Mr. Theera Vayakornvichitre	Director	-	-	-	-
	Spouse and Minor Children		-	-	-	-
9	Mr. Pornson Patanasin	Director	-	-	-	-
	Spouse and Minor Children		-	-	-	-
10	Mr. Songphon Chaovanayothin	Senior Executive Vice President / CRM	-	-	-	-
	Spouse and Minor Children		-	-	-	-
11	Miss Natha Kittiaksom	Executive Vice President / Chief Financial Officer	-	-	-	-
	Spouse and Minor Children		-	-	-	-
12	Mr. J. Bayani Lauraya	Executive Vice President / Chief Operating Officer	-	-	-	-
	Spouse and Minor Children		-	-	-	-

## Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies

Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (December 31<sup>st</sup>, 2016)

Board Of Directors	1	Subsidiaries										Associated Companies										
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1. Mr. Kraithip Krairiksh	/																					
2. Mr. Chotipol Techakraisri	//, ///, Y	///, XX	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///				
3. Mr. Sorapoj Techakraisri	//, ///, X, Y	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	
4. Mr.Chumpol Techakraisri	//, ///, Y	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///				///, YY
5. Mrs. Ladda Siriwattanakosol	//, ///																					
6. Mr. Prasert Patradhikol	//, ///																					
7. Ms. Benjaporn Prisuwanma	//, ///																					
8. Mr. Theera Vayakornvichitre	//, Y																	///				
9. Mr. Pornson Patanasin	//, Y, YY																					
10. Mr. Songphon Chaovanayothin	YY																					
11. Ms. Natha Kittiksom	YY																					
12. Mr. J. Bavani Lauraya	YY																					

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

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. Pace Country Club Company Limited
8. Pace Interior Services Company Limited
9. Pace Food Retail Company Limited
10. Dean and Deluca (Thailand) Company Limited
11. Pace Creative Agency Company Limited
12. Pace Management Company Limited
13. Dean & Deluca Airport Company Limited
14. Cinkara Property Company Limited
15. Chadsan Phansuan Company Limited
16. MFT Development Company Limited
17. Fourteen Points Company Limited
18. Pace Development Company Limited
19. Fierce Publishing Company Limited
20. Mittraphap Bangplee Transportation Company Limited
21. MahaNakhon Bespoke Tailoring Company Limited
22. T.Krungthai Industries Public Company Limited

Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (December 31<sup>st</sup>, 2016)

Board Of Directors	1	Associated Companies																				
		23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
1. Mr. Kraithip Krairksh	/								///								///	/	///	///	//	
2. Mr. Cholipol Techakraisri	//, ///, Y																					
3. Mr. Sorapoj Techakraisri	//, ///, X, Y																					
4. Mr.Chumpol Techakraisri	//, ///, Y																					
5. Mrs. Ladda Siriwattanakosol	//, ///	///																				
6. Mr. Prasert Patradhlok	//, ///		///	///	///	///	///	///	///	///	///											
7. Ms. Benjaporn Prisuwanra	//, ///										///	YY										
8. Mr. Theera Vayakomvichitre	//, Y												///, XX	///	///							
9. Mr. Pornson Patanasin	//, Y, YY														//							
10. Mr. Songphon Chaovanayothin	YY																					///
11. Ms. Natha Kittiaksorn	YY																					
12. Mr. J. Bayani Lauraya	YY																					

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

23. Industrial and Commercial Bank of China (Thai) Public Company Limited	30. Advance Energy Plus Company Limited	38. Major Cineplex Group Public Company Limited
24. Wave Entertainment Public Company Limited	31. Advisory Plus Company Limited	39. KT ZMICO Securities Company Limited
25. Kindred Company Limited	32. Bangkok Bank Public Company Limited	40. Samitivej Public Company Limited
26. Boutique Newcity Public Company Limited	33. Motion Link Company Limited	41. Vanachai Group Public Company Limited
27. Plus Advisory Company Limited	34. Dynasty Apparel Company Limited	42. ASEAN Potash Chaiyaphum Public Company Limited
28. Fancy Wood Industries Public Company Limited	35. Sansanee Industries Company Limited	43. Lean Enterprise Company Limited
29. Robinson Planner Company limited	36. HI Prestige Company Limited	
	37. Complete Data System Company Limited	



# CORPORATE GOVERNANCE

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. In addition, the BOD has established the Code of Conduct to all directors, executives and employees which serve as guidelines for performing their

duties in accordance with ethical standard and fair treatment to all 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 (SET).

## 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 Company has performed as the following:

#### 1. Shareholders' Rights Protection

1.1 The Company emphasize the protection of shareholders' rights and the promotion of exercising the basic legal rights i.e. the rights to obtain the relevant and adequate information of the Company, to participate and vote in the

shareholders' meeting, to elect and remove members of the board, appoint the external auditor, and make decisions on any transactions that affect the Company such as the amendment to the Company's articles of association and memorandum of association, the capital decrease or increase etc.

- 1.2 The Company recognizes the importance of shareholders' rights by facilitating shareholders more than legal requirement i.e. providing the current important information via the Company's website and providing Management Discussion and Analysis (MD&A) on a quarterly basis.
- 1.3 The shareholding structure of the Company comprises of numerous minority shareholders to balance with the majority shareholders, not contributing to any person or group to control vote or control of the Company, while enhancing the good corporate governance to shareholders. Currently, the Company has free float at 39.94%, no cross shareholding, and no pyramid structure.

#### 2. The Shareholders' Meeting

2.1 The Company held the Shareholders' Meeting once a year within 4 months after the end of the accounting

period. In 2016, the meeting was held on 26<sup>th</sup> April, 2016, where Chairman of the Board of Directors, Chairman of Nomination and Remuneration Committee, Chairman of Risk Management Committee, directors, Chief Executive Officer, management, external auditor, and legal advisor attended the meeting to respond questions.

- 2.2 The Company has provided Legal Advisor of Weerawong, Chinnavat & Peangpanor Limited and shareholders' volunteers checking the vote counting in the shareholders' meeting, which was disclosed in the minutes of shareholders' meeting.

### 3. Delivering the Meeting Invitation Letter

- 3.1 The Company assigned Thailand Securities Depository Company Limited, the Company's share registrar, to send the meeting invitation letter to shareholders 14 days in advance, while posted such information, which is the same information as sent to shareholders, in [www.pacedev.com](http://www.pacedev.com), the Company's website to allow shareholders sufficient time to study such information in advance. The Company also advertised the meeting invitation in daily newspapers for 3 consecutive days and 3 days in advance before the meeting in order to inform such shareholder meeting.
- 3.2 The meeting invitation provide sufficient and complete information, including date, time, place, agenda with details whether each agenda is for acknowledgement or consideration, enclosures of each agenda, purpose and reason, the directors' opinion, articles of association relating to the meeting, map, document or evidences required to be presented on the meeting date, and meeting attendance procedure. The Company has also provided meeting invitation letter in English to facilitate foreign shareholders.
- 3.3 The Company recognizes the importance of shareholders' rights, encourages shareholders to exercise their rights, and does not infringe or curtail shareholders' rights. At the shareholders' meeting, the Company provides significant issues for shareholders consideration and includes important items as required by laws, SET's regulations and the Company's regulations.
- 3.4 In the meeting invitation, agendas are clearly categorized for shareholders' consideration and approval. Details included in the invitation are:

- **Director Appointment:** The Company allows shareholders to appoint individual director by providing information about name, age, educational background, work experience, number of listed and non-listed companies served as director, nomination criteria and method, types of director that is proposed for appointment and meeting attendance in case of proposing previous director, which is screened by the Nomination and Remuneration Committee.
- **Director Remuneration:** The Company provides details of proposed the director remuneration policy and conditions, which is screened by the Nomination and Remuneration Committee.
- **Appointment of External Auditors:** The Company provides details of external auditor's name and company, audit fee, consideration method of audit fee appropriateness, which is screened by the Audit Committee.
- **Allocating Profit and Dividend Payment:** The Company provides details of profit allocation and reserve fund, no dividend payment together with the reason in accordance with law, regulation and dividend policy.

### 4. Facilitating Shareholders

- 4.1 The Company's policy is to facilitate and encourage institutional investors, major and individual shareholder to attend the meeting.
- 4.2 The Company held the shareholders' meeting at W Hotel, Bangkok, the convenient place which is easily accessible by shareholders. The Company also facilitated all shareholders in a fair manner by providing adequate officers to take care of them.
- 4.3 The Company allows registration of shareholders two hour before the meeting, does not limit the rights of shareholders who come late, and facilitates shareholders to fully use their meeting rights.
- 4.4 The Company uses a barcode system detailing each shareholder's information as printed on the registration form. This is to facilitate fast and accurate registration, vote counting and display.
- 4.5 The Company gives shareholders who show up late a chance to vote on agenda items still under deliberation.

## 5. Conduct of the Shareholders' Meeting

- 5.1 At the beginning of the meeting, the Company introduces the Board of Directors, Chairman of each sub-committee, management, external auditor, and legal advisor attending the meeting and informs shareholders of the meeting rules and voting procedure, as well as the voting right.
- 5.2 The Company provides enough time for the meeting, encourages equal opportunities for shareholders to express their opinions and raise any questions in the meeting, where directors and management address and answer all questions clearly and precisely.
- 5.3 The Company conducts the shareholders' meeting in sequence detailed in the agenda as informed in the meeting invitation letter. There was no additional important material or information or agenda other than that printed in the meeting invitation added during the shareholders' meeting.
- 5.4 The Company provides separate voting card for each agenda for transparency and further investigation in case of argument afterwards, and in case that an agenda includes various topics, such as director appointment, the Company opens the opportunity for the shareholders to separately appoint individual director.

## 6. After the Shareholders' Meeting

- 6.1 The Company disclosed the resolutions of the meeting, together with the votes of each agenda, via SET and will announce on the Company's website within 9.00 AM of the day after the shareholders' meeting date.
- 6.2 The minutes of meeting was correct, complete and could be verified by shareholders. The minutes covered the name and position of directors who attended the meeting, voting method and counting, shareholders' opinions, the director's clarification and clear resolution, classifying into agree, disagree or abstain votes. The minutes was sent to the SET within 14 days after each meeting as well as posted on the Company's website.

minority shareholders can nominate candidates for the Company's directors.

The Company provides channel for shareholders to propose agenda item and nominate person for election as a director for the 2017 Annual General Meeting of Shareholders, which is disclosed via the SET and the Company's website. One or several shareholders, holding not less than 1% of total shares can propose meeting agenda and director nominee, for 3 months, from 1 October - 31 December of each year. This proportion facilitates the shareholders more than specified by the law, which specifies that one or several shareholders, holding minimum share in the amount of 5% can propose meeting agenda.

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.

## 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



## PRINCIPLE 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.

## PRINCIPLE 4 INFORMATION DISCLOSURE AND TRANSPARENCY

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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).

## PRINCIPLE 5 BOARD OF DIRECTOR'S RESPONSIBILITIES

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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 and Finance.
- 1.2 The Company appointed Company 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, Nomination and 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 Nomination and 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 2.



#### 4. Meeting of the Board of Directors

- 4.1 The BOD determines at least 1 meeting per 1 quarter in advance, is scheduled in advance throughout the year 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). Company 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 Company 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

Despite the fact that the Board of Directors and each committee have completely performed their responsibility, they arranged for self-assessment of the Board of Directors and Nomination and Remuneration Committee, in order to continually improve operational effectiveness. The self-assessment covers

assessment for the entire Board of Directors and individual director. Audit Committee and Risk Management Committee are subjected to assessments for the entire committee. The performance assessment of the Board of Directors and each committee has the same rating criteria, and is consistent with the example of self-assessment of the board, provided by the SET. Furthermore, the assessment has been reviewed regularly to ensure its appropriateness.

The Company has in place an assessment procedure. The Company Secretary and the secretary of each committee sent the assessment form to the directors. After filling in the assessment form, the directors would send it back to the Company. To provide an independent evaluation, the name of the director would be concealed. The assessment result was proposed in the meetings of the Board of Directors and each committee for discussion and sought for the performance improvement.

The Board's entire assessment consists of 6 main items i.e.

1. Director's structure and qualifications
2. Roles, duties, and responsibilities of director
3. Director's Meeting
4. Director's Act
5. Relationship with management
6. Training and other information.

The Board's individual assessment consists of 3 main items i.e.

1. Director's structure and qualifications
2. Director's Meeting
3. Roles, duties, and responsibilities of director

#### 6. Remuneration

The Company's BOD delegates the authority to recommend remuneration protocols to the Nomination and 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 (IOD). 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. Executive Committee
4. Nomination and Remuneration Committee
5. Risk Management Committee

### 2.1 BOARD OF DIRECTORS

As of December 31<sup>st</sup>, 2016, the Company's Board of Directors consists of 9 members as follows:

Name	Position
1. Mr. Kraithip Krairiksh	Chairman of the Board
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 / Chairman of Audit Committee / Independent Director
8. Mr. Prasert Patradhilok	Director / Audit Committee, Independent Director
9. Ms. Benjaporn Prisuwana	Director / Audit Committee, Independent Director

**Note:** The Company Secretary is Mr. Sarath Pavomdechapong, appointed on September 21<sup>st</sup>, 2011.

### Authorized directors

The Company's authorized directors as defined in the Company's Affidavit is Mr. Sorapoj Techakraisri can solely sign with the Company's seal affixed or Mr. Chotipol Techakraisri and Mr. Chumpol Techakraisri can jointly sign with the Company's seal affixed.

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

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

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 General 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 General 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 Annual General Meeting for approval.
10. Appoint sub-committees, including Audit Committee, Executive Committee, Nomination and 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 Company Secretary, and decide on giving approval on the Nomination and 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.

#### Separate the Board of Directors and management's role

The Chairman is non-executive director and is not the same person as CEO. The role of Chairman and CEO are clearly separate for check and balance purposes by means of separation of supervision and management roles.

Chairman play a major role in care and support of the Board of Directors for fully capable of acting in accordance with direction and strategy such as sharing determine, give a consultation and recommendation to management, supervision and control the Board of Directors' Meeting and Shareholders' Meeting effectively, as well as driving and enhance corporate governance standard to the Board of Directors.

CEO is the head of management and reports to the Board of Directors to ensure that policy and strategic plan have been properly implemented.

In addition, the Company separate roles and responsibilities of the Board of Directors and management, including the authority of the Board of Directors and management power to approve the assignment of the Company's Board of Directors and management in various significant i.e. procurement authority and payment authority.

#### Non-executive directors' Meeting

The Board of Directors has a policy to encourage non-executive directors to meet as necessary to discuss interested management issues without presence of the management. In 2016, there is no issue regarding performance and management which must convene non-executive directors' meeting.

## 2.2 AUDIT COMMITTEE

As of December 31<sup>st</sup>, 2016, Audit committee consists of 3 members as follows:

Name	Position
1. Mrs. Ladda Siriwattanakosol	Chairman of Audit Committee
2. Mr. Prasert Patradhilok	Member of Audit Committee
3. Ms. Benjaporn Prisuwanna*	Member of Audit Committee

Note: - Ms. Benjaporn Prisuwanna is the member of audit committee who has knowledge and experience in Accounting or Finance

- Ms. Montakan Teannetinun appointed as secretary of Audit Committee on December 25<sup>th</sup>, 2013

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

The Board of Directors' Meeting no. 1/2016, held on January 7th, 2016, approved the authorities, roles and responsibilities of the Audit Committee as follows:

##### 1. Authority

- 1.1 The Audit Committee is empowered to request director, management or any employee to attend the meeting with the Audit Committee in order to clarify or provide information which the Audit Committee deems necessary. The Chairman and all members are empowered to request documents, explanations or information at all times regardless of Audit Committee's meeting. The management and employees who have been contacted, inquired or requested for the information shall fully cooperate.
- 1.2 The Audit Committee shall under the Board of Directors' approval, hires the external advisor should they are of the opinion that it is necessary to advise and provide guidance for the performance to the internal auditor and Audit Committee.
- 1.3 The Audit Committee has the authority to approve the third party employment from time to time to help the internal auditor in case the workload exceeds the capability of the internal auditor to perform for the best interest of the Company.
- 1.4 The Audit Committee has authority to examine rules, regulations and operational method of the Company, which are potential to affect the business, finance, account, assessment, and risk management. The Audit Committee is also empowered to examine the Company's internal control so that advice on the Company's development, correction or improvement can be rendered.
- 1.5 The Audit Committee has authority to approve and revise the Company's internal Charter before formal announcement to employees.
- 1.6 The Audit Committee has authority to other matters assigned by Board of Director further to this Charter.

## 2. Duties

The Audit Committee has the duties as follows:

- 2.1 To review the financial reports and accounts of the Company by emphasizing on the transparency, accuracy and completeness and to disclose the information sufficiently as required under the generally accepted and reliable accounting principles.
- 2.2 Selecting and nominate a name of a certified public accountant that should be appointed to be the auditor of the Company including to evaluate the performance and propose the remuneration for the auditor. The first step is the audit committee to propose to the Board of Directors level and then the Board of Directors shall propose to the shareholders' annual general meeting for approval. The shareholders' annual general meeting will consider and approve the appointment of the auditor and the remuneration of the auditor as stipulated by applicable laws.
- 2.3 To review the Company's corporate governance, internal audit and risk management systems in order to ensure that it is in compliance with the guidelines of SET and SEC.
- 2.4 To review and ensure that there is no conflicts of interests among the Company, director, management or employee, including to review if the employee and the management's work compliant to the policy, regulations and articles in relation to laws and ethics.
- 2.5 To review, give advice and support internal auditor to enhance efficiency and effect of the comments after auditing. To ensure that those auditor's comment are brought into action, the Audit Committee shall promote understanding among the Board of Directors, management, employees and the internal auditor.
- 2.6 To recruit and give comments to the Board of Directors for assessment, appointment, rotation, removal and compensation of internal auditor.
- 2.7 To review and approve year plan of internal auditor, i.e. budget plan, audit plan, manpower plan and human resources development plan with the emphasis on financial and operational audit, development of knowledge, skill and characteristic of internal auditor including to follow up the performance of the said plan.
- 2.8 To follow up, review external auditor's performance comply with Thai Standards on Auditing.
- 2.9 To promote the good coordination between management, directors, employee, internal auditor and external auditor.
- 2.10 To review compatibility of the Company's accounting policy, the adequacy of financial statement disclosure, and the consistency of provision of accounting standard in relation to such matters as well as the understanding on the effect from the financial statement.
- 2.11 To examine the management letter by considering the significant weakness or disadvantage, and the advice reported by the auditor in order to ensure that the useful advice shall be implemented. In the case where the disadvantage has not been remedy without reasonable grounds, it should be consulted with the management and be proposed to the Board of Directors for their acknowledgement and further action as necessary.
- 2.12 To review the internal audit control and technology information processing system.
- 2.13 To have a meeting regularly or at least one meeting a year with External Auditors without management's presence to ensure that External Auditors have a freedom opinion on the financial statements and comply with an accounting standards and auditing standard.
- 2.14 To conduct reviews to ensure that the Company complies with Anti-Corruption Policy and in case the Company's employees or management are suspected that there is a transaction with a corruption or an irregularity which incurred damages to the Company and to propose those summaries to the Company's Board of Directors to consider immediately
- 2.15 From the performance of the Audit Committee, if the Committee suspects that there are any transactions or acts which will affect the Company's financial status or business operation, the Committee shall report to the Company's Board of Directors in order to remedy within the appropriate period especially the transactions as follows:
  - (1) a transaction which causes a conflict of interest;
  - (2) any fraud, irregularity, or material defect in an internal control system; or
  - (3) an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

If the Company's Board of Directors or management fails to make a rectification within the period of time prescribed by the Office of the Securities and Exchange Commission or the Exchange, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or the Exchange.

### 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 counterparty, 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 member 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<sup>st</sup>, 2016, the Company's Executive Committee consists of 5 members as follows:

Name	Position
1. Mr. ChotipolTechakraisri	Chairman of Executive Committee
2. Mr. Sorapoj Techakraisri	Member of Executive Committee
3. Mr. Chumpol Techakraisri	Member of Executive Committee
4. Mr. Theera Vayakornvichitre	Member of Executive Committee
5. Mr. Pornson Patanasin	Member of Executive Committee

**Note:** Mr. Sarath Pavomdechapong appointed as secretary of Executive Committee on September 21<sup>st</sup>, 2011.

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

The Board of directors' Meeting no. 1/2011 held on September 21<sup>st</sup>, 2011, approved the authorities, roles and responsibilities of the Executive Committee as follows:

- 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.
- 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.
- 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.
- 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.
- Prepare the following reports and submit to the Board of Directors within a specified timeframe
  - Quarterly performance report within the time frame set by the Stock Exchange of Thailand (SET)
  - 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)
  - Other reports deemed necessary by the Executive Committee
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 member of Executive Committee is 2 year since the appointment date. Members of Executive Committee whose term has expired can be reappointed.

## 2.4 NOMINATION AND REMUNERATION COMMITTEE

As of December 31<sup>st</sup>, 2016, the Nomination and Remuneration Committee consists of 5 members as follows:

Name	Position
1. Ms. 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<sup>th</sup>, 2012

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

The Board of Directors' Meeting no. 2/2016 held on February 26<sup>th</sup>, 2016, approved the authorities, roles and responsibilities of the Nomination and Remuneration Committee as follows:

- To consider the recruitment and selection of qualified persons to take a position of director and top executive by defining guidelines with clear and transparent process to present to the Board of Director meeting and/or the Annual General Meeting for approval.
- To consider on remuneration and interest of the Board of Directors, Committees and top executive with suitable, clear and transparent manner and present to the Board of Director meeting and/or the Annual General Meeting for approval by
  - Board of Directors shall approve compensation and other benefits of top executives which include Chief Executive Officer (CEO) and the top four executives.
  - Compensation and other benefits of the Board of Directors shall be presented in the Annual General Meeting.
- To screen the evaluation of the Chief Executive Officer and top executives on annual basis and present to the Board of Directors for consideration.
- To self-assess the performance of Remuneration Committee on regular basis.
- To act any other tasks related to remuneration as assigned by the Board of Directors.

The Nomination and Remuneration Committee reports directly to the Boards of Directors. The term of each member of Nomination and Remuneration Committee is 2 year since the appointment date. Member of Nomination and Remuneration Committee whose term has expired can be reappointed.

## 2.5 RISK MANAGEMENT COMMITTEE

As of December 31<sup>st</sup>, 2016, the Risk Management Committee consists of 5 members as follows:

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

**Note:** Secretary of the Risk Management Committee is Mr. Nuthapon Luckkanalawan, appointed on September 21<sup>st</sup>, 2011

### Authorities, roles, and responsibilities of Risk Management Committee

The Board of Directors' Meeting no. 2/2016 held on February 26<sup>th</sup>, 2016, approved the authorities, roles and responsibilities of the Risk Management Committee as follows:

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. Provide an opinion to management on setting risk measurement criteria and acceptable risk level before proposing to the Board of Directors.
5. Provide an opinion to management on setting appropriate risk management measures to cope with different situations before proposing to the Board of Directors.
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 a 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. The term of each member of Risk Management Committee is 2 year since the appointment date. Members of Risk Management Committee whose term has expired can be reappointed.



### 3. SELECTION OF DIRECTORS AND MANAGEMENT

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Nomination and 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 Shareholders' 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 Notification of the Securities and Exchange Commission No. KorChor. 8/2553 on Determination of Untrustworthy Characteristics of Company Directors and Executives (and subsequent amendments).

#### COMPONENTS AND APPOINTMENT OF THE BOARD OF DIRECTORS

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The Board of Directors determines the rules to appoint and release 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
  - (1) Each shareholder has his/her voting rights equal to the number of shares held by such shareholder
  - (2) 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
  - (3) 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:
  - (1) Decease
  - (2) Resign
  - (3) Lack required qualifications or have prohibitive characteristics according to the Public Company Act
  - (4) The Meeting of shareholders resolute 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
  - (5) 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

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1. Audit Committee consists of 3 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 3-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 Shareholders' Meeting.

#### COMPONENTS AND APPOINTMENT OF EXECUTIVE COMMITTEE AND THE COMPANY'S EXECUTIVES

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Nomination and 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 2.4.

#### COMPONENTS AND APPOINTMENT OF NOMINATION AND REMUNERATION COMMITTEE

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1. Nomination and Remuneration Committee consists of 5 directors, at least 1 in 3 (1/3) of whom are independent directors. Chairman of Nomination and Remuneration Committee must be an independent director.
2. The Board of Directors owns authority to appoint the members of the Nomination and Remuneration Committee.
3. Each member of the Nomination and 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

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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

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In order to monitor the operation of its affiliates and subsidiaries, the Company will send a representative, whose may be Chairman of the Board of Directors, CEO, directors, top management, or any person who has the qualifications and experience of those, to be directors in affiliates and subsidiaries. A representative shall not have a conflict of interest and shall perform by based on rule and regulation of affiliates and subsidiaries as set out in the article of association, related law of affiliates and subsidiaries, including regulation of SET and SEC such as the acquisition and disposal of asset, and connected transaction.

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. 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.

Realizing the importance of transparency in corporate governance, the Company's Board of Directors put in place the following

## 5. CONTROLLING MEASURES FOR THE USE OF INTERNAL INFORMATION

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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 Company 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 working 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 shall 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

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The compensation paid to the auditor for the review of interim financial statements and the auditing of financial statements for the accounting period 2016 of the Company and its subsidiaries in Thailand totals 7.12 million Baht and the subsidiaries in USA total amount USD 127,400.

# CORPORATE SOCIAL RESPONSIBILITY IN 2016

2016 marked another year of PACE Sustainable Development continuing principles implemented from previous years. CSR initiatives are created to align with the Corporate Social Responsibility Institute (CSRI), the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand ensuring the Company operates with integrity for the benefit of all stakeholders.

## CSR STRUCTURE

CSR activities of the Company are overseen by the Corporate Social Responsibility Committee ("CSRC") comprising of executives from various departments with Executive Director as the Chairman. The aim of CSRC is to provide useful guidelines for Corporate Sustainability together with managing reputation and sustainability risks. For specific action plans, CSRC has appointed staff from various departments to form 4 Sub-Committees:

- 1) CSRC Sub-Committee on activities
- 2) CSRC Sub-Committee on Sponsorship and Donation
- 3) CSRC Sub-Committee for nearby community
- 4) CSRC Sub-Committee for Stakeholder Engagement



# ENVIRONMENT

## ENVIRONMENTAL MANAGEMENT AND ENVIRONMENTAL RISK MANAGEMENT

PACE recognizes the importance of the environment. Each property aims to improve the local landscape and enhance people's lives through design, including creating environmentally friendly buildings, adding green areas and elements for maximizing the quality of life for residents and stakeholders, as well as ongoing processes for sustainable operation to save energy and protect the environment. The Company has a process to assess environmental risks in business processes at each property, to maximize operational efficiency, and minimize the impact during the construction process.



## MAHANAKHON

MahaNakhon is a leading landmark for Thailand, and the design includes a number of features such as automated parking, high quality façade and advanced control systems to maximize energy efficiency. MahaNakhon CUBE is the first part of the mixed-use MahaNakhon development to operate on an ongoing basis, and the retail center already uses a waste management process including separating waste by type for a higher rate of recycling. Through data collection, benchmarking, and ongoing improvements in operation efficiency, the Company aims to set qualitative and quantitative performance goals to enable MahaNakhon CUBE to become a greener, more environmentally friendly building. These targets will then also be used to guide operations for the main tower which will be fully operational in 2017.

CSRC Sub-Committee for nearby community has engaged with the community around MahaNakhon each month to listen to concerns, address any problems related to the environment around the site and act as needed to solve social issues relating to MahaNakhon site. This meeting is a venue for discussion, clarification and stakeholder engagement for mutual understanding.

## MAHASAMUTR

MahaSamutr is a large villa and Country Club development now under construction, with a long-term plan under development for managing city waste in collaboration with Subdistrict Administrative Organization (SAO), Tub Tai District and Hua Hin Municipality. The plan is created coordinating with experts in sustainable waste management to help reducing/recycling/eliminating waste in a sustainable manner, which will commence as the property becomes operational in 2017. MahaSamutr features a large man-made lagoon which operates at a high degree of efficiency using minimal chemicals to keep the water clean, using patented technology from Crystal Lagoon, minimizing the energy and environmental impact of the property. MahaSamutr uses water sourced from rain and from Pranburi Water Works, during the water shortages in Hua Hin, PACE will also be able to assist the Hua Hin community providing access to MahaSamutr's pipe to obtain water from Pranburi.



## NIMIT LANGSUAN

NIMIT Langsuan is a new freehold development on Langsuan Road now under construction since 2016. PACE by the CSRC Sub-Committee for nearby community has continuously engaged with the community around Nimit Langsuan project to meet and discuss for better understanding towards the project timeline and construction and/or concerns, complaints on a monthly basis, which will continue until construction is complete. Moreover, PACE has also joined a bi-monthly meeting with the Langsuan Community at Mater Dei School with the objectives for creating better living, and a safer and cleaner Langsuan.

## ENERGY CONSERVATION

The Company has a policy of encouraging and educating staff to conserve energy and recycle where possible in the workplace, and this program has enabled energy savings across offices run by PACE. In future, the Company will continue rolling out further measures for water and electricity conservation as well as an expanded program to recycle and reuse where possible for all business processes.

## MANGROVE CONSERVATION

In 2016, the Company has planted mangroves inside the Mangrove Ecosystem Preservation & Science Education Centre which improves the marine ecosystem, marking the 60th Royal Birthday Occasion of Her Royal Highness Princess Maha Chakri Sirindhorn.

# SOCIAL

## SOCIAL MANAGEMENT AND SOCIAL RISK MANAGEMENT

Cornerstones of PACE CSR include engaging employees, stakeholders and the community at large through sharing and developing principles of education, sustainable development and providing assistance for the less fortunate.



## INTERNAL SUSTAINABLE HUMAN CAPITAL DEVELOPMENT

### 1. CSR CHAMPION PROJECT

PACE aims to continuously develop employees' skills and knowledge about CSR through the CSR Champion project begun in 2016. Staff selected from all departments are appointed as "Champions" who learn about CSR, including recommendations from SET's Sustainability Assessment program for correction and enhancement for more effective performance, then share with colleagues to create greater awareness and recognition of CSR principles. Training for Effective Sustainability Development started with a knowledge sharing session in June 2016 held with Thaipat Institute and the Stock Exchange of Thailand, where participants gained knowledge in Sustainable Development as well as a focus on Children's Rights. Using a monthly meeting program, the education of CSR Champions creates a group of staff who can then contribute and share information about Sustainable Development throughout the organization.

### 2. HUMAN CAPITAL DEVELOPMENT

PACE employees are one of the Company's most important assets. The Company provides attractive benefits, access to training, opportunities for career advancement and flexibility for staff with special needs. PACE has continuously developed employees' competencies by setting clear objectives for each training course. Workshop in Anti-Corruption & Corporate Social Responsibility (ACCSR01) and Brush-Up Workshop in Anti-Corruption & Corporate Social Responsibility (ACCSR02) are the annual mandatory courses for employees.

## COMMUNITY EDUCATION & OUTREACH PROGRAM



### 1. MAHANAKHON EDUCATION PROGRAM

Education is a vital component of Thailand's development, and the ongoing education initiative of PACE aims to provide education about High Rise Building Development to the architecture, design and construction community. To date this has included playing an active role globally with membership and presentations at CTBUH (Council for Tall Buildings and Urban Habitat) in Shenzhen, 2016, as well as numerous seminars and presentations in Bangkok to local and international students and educators.

As Thailand's tallest landmark, MahaNakhon has numerous innovations and a thought process with advanced elements and challenges. PACE has openly shared knowledge and experience in building this tower to the Thai industry and younger generations to inspire, educate and further design for the development of other projects for Thailand in the future. In 2016, PACE presented to 5 different universities, reaching a total of 610 students to date, including real estate, architecture, engineering, and design faculties.

### 2. BUSINESS NETWORK OPERATIONS FOR AGING SOCIETY

PACE is one of the private companies joining a business network to set up responsible operations to prepare for an aging society in Thailand in the coming 5 years. The initiative "Complete Aging Society in Thailand" is in collaboration with Thaipat Institute and Department of Older Persons, Ministry of Social Development and Human Security. PACE also has a policy to hire retired personnel age 60+ years old to work in important positions requiring knowledge and special experience, with 2 staff in such category already.

### 3. PACE DAY CARE CENTRE

As a property developer, PACE realizes the risks to safety for children of workers at construction sites. PACE Day Care Centre for the children of the workers regardless of nationality, race or religion enables construction workers to work worry-free leaving their children with a teacher at the centre, provided free near MahaNakhon. Clean and professional children care is provided in collaboration with the Melissa Cosgrove Children's Foundation. In addition, PACE enables employees to take part in this initiative by donating supplies, books, stationaries and food for the children.

#### 4. OPERATION SMILE THAILAND 2016

PACE has now supported fund raising event “Fight Night” for Operation Smile Thailand for four years, raising funds for free surgeries to repair cleft lip, cleft palate and other facial deformities for children throughout the country. PACE donated cash as well as participation with prizes given for a silent auction from MahaNakhon CUBE tenants as well as MahaSamutr Country Club which offered 1 year membership to one lucky donor as a special prize.

#### 5. PACE LIBRARIES FOR UPCOUNTRY SCHOOLS

PACE aims to enhance Thai people's quality of life including helping underprivileged Thai children in remote areas. In 2016, PACE donated construction and development costs for 4 PACE libraries in Khun Yuam, Mae Hong Son province, for supporting

Thai Tribal villagers upcountry to have knowledge access as a solution to goal number 4 of the United Nations' Sustainable Development Goals (UNSDGs) “Quality Education”.

#### 6. COLLABORATION WITH SOCIAL ENTERPRISE “SOCIALGIVER”

PACE in collaboration with the award winning social enterprise SocialGiver has raised funds through products and services for the SocialGiver in order to support “Teach for Thailand” project, a non-profit organization that believes excellent education should be available to all, providing the right skills and experience to make a meaningful difference in the lives of young people. This initiative can enhance the quality of life of Thai people through quality education particularly for the underprivileged.

# GOVERNANCE

## CORPORATE GOVERNANCE MANAGEMENT AND CORPORATE GOVERNANCE RISK MANAGEMENT



Sound corporate governance remains a core competency of PACE, and the Company focuses on continuing to improve and develop measures which will enable all employees, stakeholders and clients to benefit from sound corporate governance, transparency and principles.

#### CORPORATE GOVERNANCE

PACE has a policy that the Board of Directors do not take any position at other listed companies exceeding 3 companies, to demonstrate work efficiency and maintain focus on the Company's corporate governance and transparency in policy. The Company also has joined various activities to help combating corruption for instance participation in seminar on National Anti-Corruption Day and bring back best practices to fellow employees for applying within the organization.



## EMPLOYEE EDUCATION & ADVANCEMENT

Applying fair and reasonable governance for the benefit of PACE employees and management is a vital element of the Company's policies. The Firm is committed to creating an equal opportunity environment where performance and integrity in the workplace is assessed and affirmed through training and review. PACE continues to conduct a mandatory workshop for all newly recruited staff for strengthening knowledge and skills of employees throughout the year.

## BENCHMARKING AND BEST PRACTICE

As a leading Thai developer, PACE uses benchmarking and analysis of best practice for CSR initiatives as well as corporate governance, for the long-term sustainable development of improved systems and methods to ensure that the Company operates using optimal structures. The Company supports regular attendance at Governance Seminars by employees who can then bring knowledge back to be shared with other team members. The Company sets rules and regulations in compliance with Thai Laws to encourage all staff and departments to operate with honesty and professionalism

## PREVENTING CORRUPTION

Preventing Corruption is a national agenda item for Thailand, and addressing the issue requires collaboration among all parties. As a major commitment towards anti-corruption, PACE is part of the Participation in the Collective Action Coalition Against Corruption (CAC project), PACE has completed the internal process and filed Certification Request to CAC in December 2016 with results in 2017.

## WHISTLE BLOWER PROGRAM

A whistle blower policy for employees and related parties enables anonymous reporting to reach the company for any suspected cases and any incident that might be against PACE's Anti-Corruption Policy: [audit\\_com@pacedev.com](mailto:audit_com@pacedev.com). In 2016, the company received 0 cases.



# RELATED PARTY TRANSACTIONS

as of December 31<sup>st</sup>, 2016

## PERSONS THAT MAY HAVE CONFLICTS OF INTEREST AND NATURE OF RELATIONSHIPS ARE SHOWN BELOW:

Legal Persons That May Have Conflicts of Interest (Legal entity)	Abbreviation	Nature of Business	Nature of Relationship
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.
WM Imagineer Co., Ltd.	WM-IM	Construction	Mr. Pongsak Mahattanasakul is the company's director.
WM Advisory Co., Ltd.	WM-AD	Consultancy services	Mr. Pongsak Mahattanasakul is the company's director.
MahaNakhon Bespoke Tailoring Co., Ltd.	BeSPK	Tailor shop	Mr. Sorapoj Techakraisri holds 100% of its shares.
Finch & Partners Group	F&P	Consultancy services	The Company under control of Mr. Charles Finch
Grovepark International Limited	Grovepark	Consultancy services	The company under control of Mr. Charles Finch
MFT Development Co., Ltd.	MFT	Real estate company	Mr. Sumate Techakraisri, Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri are the company's directors
Verita MHK (Thailand) Co., Ltd.	Verita	Health care services	A subsidiary of Verita Thailand Plc. Limited where Mr. Sorapoj Techakraisri holds 50% of its shares.

Legal Persons That may have Conflicts of Interest (Persons)	Nature of Relationship
Mr. Sorapoj Techakraisri	The Company's authorized director and major shareholders, holding 35.3% of the Company's shares
Mr. Chotipol Techakraisri	The Company's authorized director and shareholder, holding 0.5% of the Company's shares, and older brother of Mr. Sorapoj Techakraisri
Mr. Sumate Techakraisri	The Company's shareholder, holding 3.2% of the Company's shares, and father of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri
Mrs. Yupa Techakraisri	The Company's shareholder, holding 4.0% of the Company's shares, and mother of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri

Legal Persons That may have Conflicts of Interest (Persons)		Nature of Relationship
Mr. Chumpol Techakraisri		The Company's authorized director and shareholder, holding 0.3% of the Company's shares, and younger brother of Mr. Sorapoj Techakraisri.
Mr. Theera Vayakornvichit		The Company's director
Mr. Pongsak Mahattanasakul		The director of Pace Interior Services Co., Ltd.
Mr. Charles Finch		The director of Dean & DeLuca Inc.

In 2016 and 2015, 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. PURCHASE OF PRODUCTS AND SERVICES

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2015 (Million Baht)		
Pace Three	FP	Income from space rentals and services Beginning balance Increase in income from space rentals and service during the period Payment during the period Ending balance	41.9  31.2 (27.9) 45.2	13.4  33.5 5.0 41.9	<ul style="list-style-type: none"> <li>FP entered into a Rental and Service Agreement for 2 contracts as of dated Dec 1<sup>st</sup>, 2013 and May 15<sup>th</sup>, 2014 with Pace Three for the rent of space in Cube Building with the total rental space of 531.29 sq.m. and 785.46 sq.m., respectively for 3 years. Subsequently, in Q4 2015, the agreements have been revised to rent more space as 543.29 sq.m and 803.46 sq.m, respectively. Monthly rental and service rates for each year are defined as: The First Contract: Year 1: 291,217.50 baht/month Year 2: 333,097.50 baht/month Year 3: 413,257.50 baht/month Such agreement is effective from Dec 1<sup>st</sup>, 2013 to Nov 30<sup>th</sup>, 2016. The Second Contract: Year 1: 578,597.50 baht/month Year 2: 682,745.50 baht/month Year 3: 885,632.50 baht/month Such agreement is effective from May 15<sup>th</sup>, 2014 to May 14<sup>th</sup>, 2017.</li> <li>Such transaction is considered a trading transaction with normal conditions and has passed the review of Audit Committee</li> </ul>	

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2015 (Million Baht)		
Pace Three	BeSPK	Income from space rentals and services Beginning balance Increase in income from space rentals and service during the period Payment during the period Ending balance	0.5 1.4 (0.2) 1.7	- 0.5 - 0.5	<ul style="list-style-type: none"> <li>BeSPK entered into a Rental and Service Agreement dated Aug 17<sup>th</sup>, 2015 with Pace Three for the rent of space in Cube Building with the total rental space of 107 sq.m. for 3 years. Monthly rental and service rates of Baht 53,500.</li> <li>Such agreement is effective from Aug 17<sup>th</sup>, 2015 to Aug 16<sup>th</sup>, 2018.</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>
Pace Three	Verita	Income from space rentals and services Beginning balance Increase in income from space rentals and service during the period Payment during the period Ending balance	- 3.2 (0.8) 2.4	- - - -	<ul style="list-style-type: none"> <li>Verita entered into a Rental and Service Agreement dated 1 August 2016 with Pace Three for the rent of space in Cube Building with the total rental space of 876.2 sq.m. for three years. Monthly rental and services rates are the higher of Baht 546,637.50 or 10% of monthly net sales.</li> <li>Such agreement is effective from 1 August 2016 to 31 July 2019.</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>
Pace Creative	FP	Income from creative services Beginning balance Increase in creative service during the period Payment during the period Ending balance	- 0.3 (0.2) 0.1	- - - -	<ul style="list-style-type: none"> <li>During 2016, Pace Creative provide the creative service to FP</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>
Dean & Deluca (Thailand)	FP	Income from sales of foods and beverages Beginning balance Increase in income from sales of foods and beverages during the period Payment during the period Ending balance	0.1 0.8 (0.6) 0.3	0.5 1.0 (1.4) 0.1	<ul style="list-style-type: none"> <li>During 2016, FP bought foods and beverages from Dean &amp; Deluca (Thailand).</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>
Dean & Deluca (Thailand)	Fierce	Income from sales of foods and beverages Beginning balance Increase in income from sales of foods and beverages during the period Payment during the period Ending balance	- 0.5 - 0.5	- - - -	<ul style="list-style-type: none"> <li>During 2016, Fierce bought gift vouchers from Dean &amp; Deluca (Thailand).</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>
YLP	Mr. Sorapoj Techakraisri	Income from sales of residential condominium units	-	20.0	<ul style="list-style-type: none"> <li>On Dec 29<sup>th</sup>, 2014, YLP sold one condominium unit to Mr. Sorapoj Techakraisri with sale value of Baht 20 million. Referring to the agreement, divided to be down payment 30% and final payment to transfer of ownership 70%. Such amount was fully received on April 30<sup>th</sup>, 2015, and recorded as income from sales of residential condominium unit.</li> </ul>	<ul style="list-style-type: none"> <li>The pricing of such transaction was calculated based on market price and has passed the review of Audit Committee.</li> </ul>
YLP	Mr. Chotipol Techakraisri	Income from sales of residential condominium units	-	30.0	<ul style="list-style-type: none"> <li>On Dec 29<sup>th</sup>, 2014, YLP sold one condominium unit to Mr. Chotipol Techakraisri with sale value of Baht 30 million. Referring to the agreement, divided to be down payment 30% and final payment to transfer of ownership 70%. Such amount was fully received on March 20<sup>th</sup>, 2015, and recorded as income from sales of residential condominium unit.</li> </ul>	<ul style="list-style-type: none"> <li>The pricing of such transaction was calculated based on market price and has passed the review of Audit Committee.</li> </ul>



Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2015 (Million Baht)		
YLP	Mr. Chumpol Techakraisri	Income from sales of residential condominium units	-	15.0	<ul style="list-style-type: none"> <li>On Dec 29<sup>th</sup>, 2014, YLP sold one condominium unit with Mr. Chumpol Techakraisri with sale value of Baht 15 million. Referring to the agreement, divided to be down payment 30% and final payment to transfer of ownership 70%. Such amount was fully received on April 3<sup>rd</sup>, 2015, and recorded as income from sales of residential condominium unit.</li> </ul>	<ul style="list-style-type: none"> <li>The pricing of such transaction was calculated based on market price and has passed the review of Audit Committee.</li> </ul>
YLP	Mrs. Yupa Techakraisri	Income from sales of residential condominium units	-	44.0	<ul style="list-style-type: none"> <li>On Dec 29<sup>th</sup>, 2014, YLP sold two condominium units with Mrs. Yupa Techakraisri with sale value of Baht 44 million. Referring to the agreement, divided to be down payment 30% and final payment to transfer of ownership 70%. Such amount was fully received on April 30<sup>th</sup>, 2015, and July 15<sup>th</sup>, 2015 and recorded as income from sales of residential condominium unit.</li> </ul>	<ul style="list-style-type: none"> <li>The pricing of such transaction was calculated based on market price and has passed the review of Audit Committee.</li> </ul>
Fierce	Pace Country Club	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	- - - -	- 1.9 (1.9) -	<ul style="list-style-type: none"> <li>Pace Country Club hired Fierce to take a photo for advertising and marketing</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>
FP	Pace Country Club	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	0.1 0.5 (0.5) 0.1	- - - -	<ul style="list-style-type: none"> <li>During 2016, Pace Country Club bought food and beverages, and gift voucher from FP.</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>
Fierce	The Company	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	- 0.8 (0.6) 0.2	- - - -	<ul style="list-style-type: none"> <li>During 2016, The Company hired Fierce to take a photo for advertising and marketing at MahaSamutr event at Huahin.</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>
FP	The Company	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	0.1 1.4 (0.9) 0.6	- 1.3 (1.2) 0.1	<ul style="list-style-type: none"> <li>During 2016, the Company bought food and beverages, and gift voucher from FP.</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>

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2015 (Million Baht)		
FP	Pace One, Pace Two, and Pace Three	Entertainment expenses and Marketing expenses Beginning balance Entertainment expenses incurred in the period (including VAT recorded as expenses) Marketing expenses during the period (including VAT recorded as expenses) Payment during the period Ending balance	-  1.3 0.7 (1.3) 0.7	0.2  1.3 0.9 (2.4) -	<ul style="list-style-type: none"> <li>During 2016, Pace One, Pace Two, and Pace Three bought food and beverages from FP.</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>
FP	Pace Food Retail	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	0.1 - (0.1) -	- 0.1 - 0.1	<ul style="list-style-type: none"> <li>During 2016, Pace Food Retail bought foods and beverages from FP.</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>
WM-IM	Pace Interior Services	Purchase of fixed assets (include VAT) Beginning balance Increase during the period Payment during the period Ending balance	- 1.0 (1.0) -	- 0.9 (0.9) -	<ul style="list-style-type: none"> <li>During 2015, Pace Interior Services hired WM-IM to create temporary office for construction work in construction area of MHNK project.</li> <li>During 2016, Pace Interior Service hired WM-IM to demolish such temporary office and create another temporary office on 53<sup>rd</sup> Floor for construction work in construction area of MHNK project.</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>
WM-AD	Pace Interior Services	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Payment during the period Ending balance	10.0 21.4 (20.7) 10.7	- 25.0 (15.0) 10.0	<ul style="list-style-type: none"> <li>On January 10, 2015, Pace Interior Services entered into 2 Managed and Interior Services Agreement for construction management and interior services of MahaNakhon project dated July 1<sup>st</sup>, 2015 and August 1<sup>st</sup>, 2015 with WM-AD.</li> <li>The first agreement is effective on Jan - July 2015 amounted to Baht 15 million and the second agreement is effective on Aug -Dec 2015 amounted to Baht 10 million</li> <li>During 2016, Pace Interior Services entered into 2 new Managed and Interior Services Agreement for construction management and interior services of MahaNakhon project dated January 1<sup>st</sup>, 2016 and July 1<sup>st</sup>, 2016 amounted to Baht 20 million</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>
F&P	The Company	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Payment during the period Ending balance	- 7.7 (7.7) -	- 21.6 (21.6) -	<ul style="list-style-type: none"> <li>The company entered into Consultancy agreement dated April 1, 2015 with F&amp;P. F&amp;P will provide the services as indicated in agreement for the period of one year expiring on March 31, 2016. The consultancy fee is USD 800,000.</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>

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2015 (Million Baht)		
F&P	Dean & DeLuca Inc.	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Payment during the period Ending balance	- 83.9 (83.9) -	- 5.1 (5.1) -	<ul style="list-style-type: none"> <li>F&amp;P provide consultancy service to Dean &amp; DeLuca Inc.</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>
Grovepark	Dean & DeLuca Inc.	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Payment during the period Ending balance	- 7.1 - 7.1	- - - -	<ul style="list-style-type: none"> <li>Grovepark provide consultancy service to Dean &amp; DeLuca Inc.</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>
F&P	PACE Food Retail.	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Payment during the period Ending balance	- 2.1 (2.1) -	- 5.4 (5.4) -	<ul style="list-style-type: none"> <li>F&amp;P provide consultancy service to Pace Food Retail</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>
Lumpini	Pace Two	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period (including VAT recorded as expenses) Payment during the period Ending balance	- - - -	0.1 0.3 (0.4) -	<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). The agreement has been extended continuously until July 31<sup>st</sup>, 2015 with the same 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> </ul> <p><b>Note:</b> 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.</p>

## 2. ADVANCED RECEIVED

Payee	Payer	Type of Transaction	Outstanding as of December 31 <sup>st</sup> , 2014 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2015 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2016 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
YLP	Mr. Sorapoj Techakraisri	Advanced received from customers	6.0	14.0	(20.0)	-	-	-	-	<ul style="list-style-type: none"> <li>On Dec 29<sup>th</sup>, 2014, YLP sold one condominium unit to Mr. Sorapoj Techakraisri with sale value of Baht 20 million. Referring to the agreement, divided to be down payment 30% and final payment to transfer of ownership 70%. Such amount was fully received on April 30<sup>th</sup>, 2015, and recorded as income from sales of residential condominium unit.</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
YLP	Mr. Chotipol Techakraisri	Advanced received from customers	9.0	21.0	(30.0)	-	-	-	-	<ul style="list-style-type: none"> <li>On Dec 29<sup>th</sup>, 2014, YLP sold one condominium unit to Mr. Chotipol Techakraisri with sale value of Baht 30 million. Referring to the agreement, divided to be down payment 30% and final payment to transfer of ownership 70%. Such amount was fully received on March 20<sup>th</sup>, 2015, and recorded as income from sales of residential condominium unit.</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
YLP	Mr. Chumpol Techakraisri	Advanced received from customers	4.5	10.5	(15.0)	-	-	-	-	<ul style="list-style-type: none"> <li>On Dec 29<sup>th</sup>, 2014, YLP sold one condominium unit to Mr. Chumpol Techakraisri with sale value of Baht 15 million. Referring to the agreement, divided to be down payment 30% and final payment to transfer of ownership 70%. Such amount was fully received on April 3<sup>rd</sup>, 2015, and recorded as income from sales of residential condominium unit.</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.



Payee	Payer	Type of Transaction	Outstanding as of December 31 <sup>st</sup> , 2014 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2015 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2016 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
YLP	Mrs. Yupa Techakraisri	Advanced received from customers	13.2	30.8	(44.0)	-	-	-	-	<ul style="list-style-type: none"> <li>On Dec 29<sup>th</sup>, 2014, YLP sold two condominium units to Mrs. Yupa Techakraisri with sale value of Baht 44 million. Referring to the agreement, divided to be down payment 30% and final payment to transfer of ownership 70%. Such amount was fully received on April 30<sup>th</sup>, 2015, and July 15<sup>th</sup>, 2015 and recorded as income from sales of residential condominium unit.</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Dynasty Apparel Co., Ltd.	Advanced received from customers	-	0.3	-	0.3	-	-	0.3	<ul style="list-style-type: none"> <li>On Jun 28<sup>th</sup>, 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Theera Vayakornvichitre.</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Sumate Techakraisri	Advanced received from customers	-	0.3	-	0.3	-	-	0.3	<ul style="list-style-type: none"> <li>On Jul 9<sup>th</sup>, 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Sumate Techakraisri.</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Chumpol Techakraisri	Advanced received from customers	-	0.3	-	0.3	-	-	0.3	<ul style="list-style-type: none"> <li>On Jun 28<sup>th</sup>, 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Chumpol Techakraisri</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Theera Vayakornvichitre	Advanced received from customers	-	0.5	-	0.5	-	(0.5)	-	<ul style="list-style-type: none"> <li>On Feb 15<sup>th</sup>, 2015, the company has made the agreement to purchase and sales a condominium unit of Nimit Luangsuan Project with K. Theera</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Sorapoj Techakraisri	Advanced received from customers	-	-	-	-	40	-	40	<ul style="list-style-type: none"> <li>On June 27<sup>th</sup>, 2016, the company has made the agreement to purchase and sales a condominium unit of Nimit Luangsuan Project with K. Sorapoj</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
PRE	PACED	Advance Received	0.5	-	(0.5)	-	-	-	-	<ul style="list-style-type: none"> <li>Due to PRE do not have petty cash, Paced as a project developer paid all relevant operating expenses. Such amount was fully paid on Nov 3<sup>rd</sup>, 2015.</li> </ul>	Such transaction already occurred in the past. Presently, the Company is responsible for advance payment for Paced and already signed that agreement.

Payee	Payer	Type of Transaction	Outstanding as of December 31 <sup>st</sup> , 2014 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2015 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2016 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
Dean and Deluca (Thailand)	Paced	Advance Payment and accrued royalty	3.5	-	-	3.5	-	-	3.5	<ul style="list-style-type: none"> <li>Paced made advance payment to Dean &amp; Deluca (Thailand) and is obligated to receive the royalty fee totaling of Baht 3.5 million.</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
F&P	Pace Food Retail	Advance Payment	-	4.6	(2.5)	2.1	-	(2.1)	-	<ul style="list-style-type: none"> <li>F&amp;P provide consultancy service to Pace Food Retail and Pace Food Retail made advance payment to F&amp;P for travelling expense of Baht 4.6 million. Such amount was cleared as expense in year 2015 and 2016 amounting to Baht 2.5 million and Baht 2.1 million, respectively.</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.
Sorapoj Techakraisri	Dean and Deluca (Thailand)	Advance Payment	-	-	-	-	3.8	-	3.8	<ul style="list-style-type: none"> <li>Dean and Deluca (Thailand) issue cheque to K.Sorapoj in order to invest in new company "Dean and Deluca Airport Co.,Ltd.". Subsequently on January 5<sup>th</sup>, 2017, Dean and Deluca Airport was registered at MOC</li> </ul>	Such transaction is a normal business transaction with a then-current market sales price.

### 3. LOANS AND INTEREST EXPENSES

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31 <sup>st</sup> , 2014 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 <sup>st</sup> , 2015 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 <sup>st</sup> , 2016 (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: <ul style="list-style-type: none"> <li>- Interest rates of 14% and 15% per annum</li> <li>- Repayment is made on Lender's request</li> <li>- No collateral</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> <li>- In second quarter of 2016, lender decrease such interest rate to be zero percentage.</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> </ul>
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> <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> <li>- In second quarter of 2016, lender decrease such interest rate to be zero percentage.</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> </ul>
Dean & DeLuca Inc.	K. Sorapoj Techakraisri	Loans	-	-	-	-	85.1	(85.1)	-	<ul style="list-style-type: none"> <li>In second quarter of 2016, Dean &amp; DeLuca Inc entered into loan agreement with K. Sorapoj amounted to USD 2.4 million. This is the unsecured loan and has been paid in the same quarter.</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>
Grovepark	Dean & DeLuca Inc.	Loans and accrued interest	-	-	-	-	76.1	-	76.1	<ul style="list-style-type: none"> <li>During 2016, Grovepark has outstanding loan with Dean &amp; DeLuca Inc amounted to USD 2.1 million and accrued interest USD 22,993. The loan will be paid in full upon the end of term 60 months or earlier</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>

# MANAGEMENT DISCUSSION AND ANALYSIS

## EXECUTIVE SUMMARY

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For 2016 operating results ended December 31<sup>st</sup>, 2016, the Company had total revenues of 5,466.7 Million Baht, increasing by 55.6 percent from 2015 due mainly to increases in revenues from property business, specifically The Ritz-Carlton Residences, Bangkok (“RCR”) of 1,342.3 Million Baht and from tradename fee income as a result of the recognition of 709.7 Million Baht extraordinary royalty fee from joint venture and trademark license agreements entered into March 2016.

The revenue from property business was 1,375.1 Million Baht (25.2 percent of total revenues), greater than that in 2015 of 109.0 Million Baht. The revenue from food and beverage business (DEAN & DELUCA) was 4,006.8 Million Baht (73.3 percent of total revenues), higher than that in 2015 of 3,338.0 Million Baht. Additionally, the revenues from rental and service income and other incomes were 53.5 Million Baht and 31.4 Million Baht, respectively.

Total gross profits from property and food and beverages business were 2,703.0 Million Baht or 50.2 percent of the revenues. The gross profit from property business was 345.6 Million Baht or 25.1 percent of revenue from property business which rose from 21.8 percent in 2015. The gross profit was below normal level owing to the fact that most of the condominium

units transferred were the ones sold at lower price point relative to the rest of the units that have not been transferred yet. Once the higher price point units are transferred, we expect the gross profit margin to be significantly greater.

In the meantime, the gross profit from food and beverages business was 2,357.4 Million Baht or 58.8 percent of the revenues which increased from 52.2 percent in 2015.

Selling and administrative expenses were 4,391.4 Million Baht or 80.3 percent of total revenue, comprising of selling expenses of 2,356.8 Million Baht rising by 46.6 percent from 2015 and administrative expenses of 2,034.5 Million Baht increasing by 31.0 percent from 2015.

The rise in selling expenses were mainly related to expansion efforts and significant marketing and brand building initiatives of DEAN & DELUCA and in selling and marketing efforts for MahaNakhon, MahaSamutr and Nimit Langsuan Projects.

The Company had a financial costs of 638.1 Million Baht.

The Company recorded net loss of 2,326.4 Million Baht.

## 1. THE FOLLOWING IS THE OVERALL BUSINESS OPERATIONS AND SIGNIFICANT CHANGES DURING 2016:

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In 2016, the Company continued to develop its existing real estate projects; namely, MahaNakhon, MahaSamutr and Nimit Langsuan projects. The residential units of MahaNakhon project has been transferred to the customers since April, 2016. Additionally, the Company started to develop a project on Naradhiwas Road which it plans to launch in the first half of 2017. The project is expected to be completed and be able to generate a revenue by 2019. The Company also acquired land in Niseko, Hokkaido Island, Japan which the Company

plans to develop as resort villas. The resort villas will be able to generate income to the Company by 2019.

For food and beverage business, Dean & DeLuca, Inc (DDUS) continued to implement its expansion plans with the hiring of key executives, formalizing designs and developing a new concept (chef led fast food) which can be scaled. Having said that, the new stores will be rolled out as planned in 2017. In March 2016, DDUS, through its wholly owned subsidiary (Dean & DeLuca



Brands, Inc.) entered into joint venture with its licensed partner in Japan. The joint venture with our licensed partner formed Dean & DeLuca Café Japan Co., Ltd (DDCJ). The primary purpose of the joint venture was for the expansion of cafes throughout Japan. At transaction date in March, cafes totaled 6 stores. By December 31<sup>st</sup>, 2016, DDCJ had 11 stores. For Dean & DeLuca Thailand, the Company added 5 new stores in 2016.

In 2016, the Company raised its capital of 960 Million Baht through private placement. The capital was used for the development of its current real estate projects, the expansion of Dean & DeLuca and the Company's working capital.

## INDUSTRY AND ECONOMIC CONDITIONS THAT AFFECT THE BUSINESS OPERATIONS

The Company currently operates two businesses: high-end property business and food and beverage business under "DEAN & DELUCA" brand name.

For property business, although it is highly competitive and cyclical, the demand for luxury projects still flourishes and is less affected by the economy. In 2016, the reservation rate continued to rise whereas the cancellation rate was still exceptionally low.

For MahaNakhon and MahaSamutr projects, the construction progress of the projects slightly deviated from their original plans as the projects are very detailed and complicated in terms of quality control and inspection. Having said that, as mentioned above, the Company started recognizing the revenue and transferred the residential units of MahaNakhon project to the

customers since April 2016 and is expected to transfer most of the remaining units by year end 2017. Also, the building is expected to be ready to move in by the end of the first quarter of 2017. Regarding MahaSamutr project, the Company expects the project to be completed and transferred in the late of 2017 onwards.

The construction progress of Nimit Langsuan has been on plan. The project is expected to be completed and transferred in Q4 2018 onwards. For the project on Naradhiwas Road, the Company plans on launching it in H1 2017. The project is expected to be completed and transferred in 2019 onwards.

For food and beverage business, there has been increasing competition from the expansion of existing peers and new players. We have seen our sales in some stores were affected by new supermarkets and restaurants opened in adjacent areas. Strong US dollar in past year have made our products more expensive to our international partners and oversea e-commerce customers. Royalty income was affect by exchange rate as well when converted to US dollar. As our product stands for premium price and premium quality, changing economic condition will directly affect customers' ability and willingness to buy. To mitigate these conditions, DDUS has been developing new food offerings with the hire of executive chef and reviewing its private labels with the plan hiring of chief merchandise.

## 2. FINANCIAL SUMMARY

### STATEMENT OF FINANCIAL PERFORMANCE

#### Revenues

For 2016 fiscal year ended 31 December 2016, the Company had total revenues of 5,466.7 Million Baht, increasing by 55.6 percent from 2015. Major sources of revenues arose from the followings;

#### 1. Property Business

the Company will be able to recognize revenues only when the construction is completed and the ownership of such construction project has been transferred to the buyer.

#### MahaNakhon Project:

In 2016, The Ritz-Carlton Residences, Bangkok ("RCR") of MahaNakhon project which started transferring the residential units to the buyers since April 2016 had generated the revenue to the property business of 1,342.3 Million Baht. Additionally, the revenue from rental and service incomes was 53.5 Million Baht.

The Company plans to transfer and recognize income of the 70 percent sold units from RCR for the remaining residential units of approximately 8,400 Million Baht in the first quarter of 2017 onwards.

In Q1 2017, the Company will launch the new show units of The Ritz-Carlton Residences in the building; the activities will allow the Company to sell the remainder 30 percent by year end 2017.

#### Nimit Langsuan Project:

The project has continued construction as planned with the 90 percent presold results since last year.

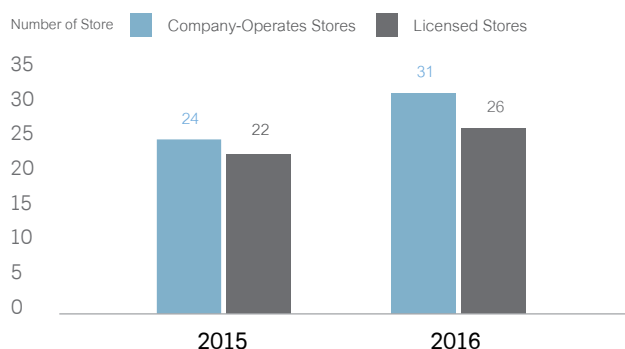
#### MahaSamutr Project:

MahaSamutr continues on plan with construction and expected to start transferring in the late of Q4 2017.

#### 2. Food & beverage business

As of December 31<sup>st</sup>, 2016, the Company has Company-operated stores and licensed stores as following.

Country	Company-operated Stores	Licensed Stores	Total
United States	10	-	10
United States (Hawaii)	-	1	1
Thailand	10	-	10
Japan	11 (50% JV)	16	27
South Korea	-	2	2
Singapore	-	3	3
Kuwait	-	1	1
UAE	-	1	1
Philippines	-	2	2
TOTAL	31	26	57



Revenue from DDUS which generated sustainable revenue stream to the Company in 2016 was 3,796.1 Million Baht, increased by 20.9 percent from 2015. In 2016 recognized one time royalty payment of 709.7 Million Baht resulting from joint venture entered into in March 2016. The transaction called for upfront payment for a perpetual license in Japan. Excluding this extraordinary income, the revenue from United States operation decreased by 2.0 percent. The largest store in NYC was affected by ongoing exterior and interior renovations of landlord from the beginning of year throughout Q3, deliberate price corrections on select core items designed to entice customers to shop more frequently, closure of 1 Rockefeller Café at the end of August and the elimination of Japan royalties as a result of

DDCJ formation. The revenue from the Thailand operation was 232 Million Baht, which is a 6.2 percent increase as compared to last year. The increase is due to the opening of the 5 new stores at The Crystal, Siam Discovery Center, Blu port-Hua Hin, All Seasons Place, and FYI Center.

### Gross Profits

In 2016, total gross profits from the property and food and beverages businesses were 2,703.0 Million Baht or 50.2 percent of their revenues. Details are as follows:

#### 1. Property Business

Gross profit from transferred units was 345.6 Million Baht or 25.1 percent of the revenue. The gross profit of the property business was low as the residential units transferred were mostly the ones sold at lower price points relative to the rest of the units that have not been transferred yet. Once the higher price point units are transferred, we expect the gross profit margin to be greater than that in 2016 significantly.

#### 2. Food & beverages business

Gross profit was 2,357.4 Million Baht or 58.8 percent of revenue, margin increased by 6.7 percent from 2015 due to extraordinary royalty fee from Japan joint venture. Excluding this extraordinary income, Gross profit of United States operation was 1,578.9 Million Baht or 51.2 percent of revenue, margin decreased by 1.8 percent in part due to increased commissary labor costs in NYC, as a result of new product development and expanded items production, price corrections on select core items and the elimination of Japan royalties. Thailand's gross profit was 86 Million Baht or 37.1 percent of revenue. Gross margin improved by 4.5 percent as a result of menu development and continued efforts on operation control and inventory management.

### Selling and Administrative Expenses

For 2016, selling and administrative expenses were 4,391.4 Million Baht or 80.3 percent of total revenues. The selling expenses were 2,356.8 Million Baht, increasing by 46.6 percent from 2015. The administrative expenses were 2,034.5 Million Baht, rising by 31.0 percent from 2015.

For property business, the increase in selling expenses contributed to selling and marketing efforts for MahaNakhon, MahaSamutr and Nimit Langsuan Projects.

For food and beverage business, the rises were mainly attributable to retail expansion efforts and significant marketing and brand placement initiatives for Dean & DeLuca in the United States (765.9 Million Baht): including hiring of key executives, sponsorships, digital media, social media, catalogs, product development and store design. Additionally, additional talent and leadership teams were hired to drive improvements and expansion across the core revenue channels for both United States and Thailand. Brand awareness activations along with new talents are necessary to position Dean & DeLuca for growth of its market stores and introduction of new concept, chef led fast food.

Due to accounting treatment, Dean & DeLuca Café Japan (DDCJ) financial position and result of operations are not consolidated. Instead, our portion of the joint venture's net loss of 6.6 Million Baht (3.3 Million Baht for our portion) is included in the comprehensive income statement.

### Finance Costs

In 2016, total interest paid equaled 1,293.4 Million Baht, comprising of financing costs of 638.1 Million Baht and capitalized interest of 655.3 Million Baht. The rise in the costs was due to increased loans funding the construction of "MahaSamutr" and "Nimit Langsuan" projects and the expansion of Dean and DeLuca in the United States while the Company has continued to pay back the loan for "MahaNakhon" project since it started recognizing the revenue in April 2016.

### Profit and Loss Results

For 2016, the Company had net loss of 2,326.4 Million Baht or 42.6 percent of total revenues with food and beverages business accounting for the majority of the loss of 1,327.2 Million Baht.

## STATEMENT OF FINANCIAL POSITION

### Assets

At the end of 2016, the Company and its subsidiaries had total assets of 31,831.2 Million Baht, increasing by 22.8 percent from last year due mainly to rises in real estate projects for sales under development of MahaSamutr, Nimit Langsuan and Naradhiwas projects and in land of Niseko project.

The main assets comprised of cash and cash equivalent of 692.5 Million Baht, real estate projects for sales under development of 13,873.4 Million Baht, construction in progress of 3,915.9 Million Baht and land of MahaNakhon and MahaSamutr projects of 281.2 Million Baht and 1,222.1 Million Baht, respectively. Additionally, there were building improvement, and equipment of 1,589.6 Million Baht, the property for lease at MahaNakhon CUBE of 984.2 Million Baht. Moreover, the goodwill incurred from DEAN & DELUCA acquisition was 3,198.1 Million Baht. Also, the intangible assets arising from DEAN & DELUCA's business; for example, trade mark, trade name, copyrights, etc. of the DEAN & DELUCA brand were 2,272.6 Million Baht. The main assets were 32.3 percent of the total assets.

### Liabilities

As of 31 December 2016, the Company and its subsidiaries had total liabilities of 30,141.9 Million Baht, increasing by 26.6 percent from last year mainly due to increases in loans to fund the construction of MahaSamutr and Nimit Langsuan projects and the expansion of DEAN & DELUCA in the United States and advances /deposits received from customers.

The main liabilities were short-term loans from financial institutions of 1,141.0 Million Baht, short term loans from other parties of 4,445.0 Million Baht, current portion of long-term loans from financial institutions of 9,235.4 Million Baht, long-term loans from financial institutions (net) of 2,513.5 Million Baht, current portion of debentures of 1,393.5 Million Baht, debentures (net) of 3,300.9 Million Baht and advances and deposits received from customers of 4,583.5 Million Baht. Total interest bearing debts equaled 22,071.4 Million Baht.

### Shareholders' Equity

At the end of 2016, the Company and its subsidiaries had shareholder's equity of 1,689.2 Million Baht, declining by 20.6 percent from last year due mainly to significant increase in deficit despite private placement of 960.0 Million Baht, the equity issuance for land purchase at Niseko of 529.1 Million Baht and the waiver of shareholder's accrued interests of 463.2 Million Baht.

### The Ability for Assets Management

#### Trade account receivables:

As of 31 December 2016 and 2015, the Company had trade account receivables totaling of 93.3 Million Baht and 105.8 Million Baht, respectively. Its average collection period in 2016 was 6 days improving from 2015 of 11 days. Due to the nature of DEAN & DELUCA business of which most sales are cash sales, there were minimal trade account receivables.

#### Inventories:

At the end of the year 2016, the Company had ending inventories of 296.0 Million Baht. Most were related to DEAN & DELUCA business of 266.0 Million Baht. The inventory turnover was 6.2 times in 2016 compared to 6.6 times in 2015.

### Sources of Funds

At the end of 2016, the Company had total current asset of 12,413.9 Million Baht, total current liabilities of 21,895.1 Million Baht. The current ratio was 0.6 times approximately the same as last year's. The current assets rose by 2,143.4 Million Baht owing mainly to the growing real estate projects for sales of MahaNakhon and MahaSamutr projects. Additionally, the current liabilities increased by 3,107.9 Million Baht due to the growth of current portion of long-term loans from financial institutions of 1,063.7 Million Baht mainly for MahaSamutr project, short-term loans from bills of exchange issuance of 1,718.0 Million Baht, advances and deposits received from customers of 290.4 Million Baht. Despite high level of current liabilities, the Company ensures that it will have an appropriate level of solvency as the Company continues the transfer of residential units of MahaNakhon and MahaSamutr projects in 2017 and thus uses the proceeds to pay back interest-bearing debts. Additionally, the advances and deposits from customers will be reduced.



### Appropriateness of the Funding Structure

At the end of the year 2015, the Company recorded total debt to equity ratio of 11.2 times. The interest bearing debt to equity ratio was 8.1 times. As of 31 December 2016, total debt to equity ratio was greater at 17.8 times. Also, interest bearing debt to equity ratio was over at 13.0 times. This was due to the fact that net loans increased while shareholder equity decreased.

The high debt to equity ratio of the Company was due to the incapability of revenue recognition from developing real estate projects for sales that only create operating expenses and finance costs during the development period. As a result, the deficit incurs and increases overtime prior to transfer to

customers. In addition, the Company continues to invest in the expansion of DEAN & DELUCA. Having said that, if the Company can recognize the revenues and transfer the residential units to the customers as planned whereby reduce its debts by repaying these to the financial institutions, the debt to equity ratio will decrease significantly by year end 2017.

In addition, the deal with Apollo in the end of February, 2017 will increase the shareholder's equity. Loan from financial institutions of Pace Project One and Pace Project Three would be repaid in full amount.

## OBLIGATIONS ON LIABILITIES AND MANAGEMENT OF OFF-BALANCE SHEET LIABILITIES

As of December 31<sup>st</sup>, 2016, Pace Development Corporation had an obligation and commitment to complete projects on hand. The value of sales already contracted was 17,087.3 Million Baht or 64.3 percent of total sales of projects on hand. At the end of 2015, the Company had the value of sales already contracted of 14,514.3 Million Baht or 65.7 percent of total sales of projects on hand.

As at December 31<sup>st</sup>, 2016 and 2015, the Pace Development Corporation Group had commitments under various operating

lease agreements covering the retail rental agreements, warehouse and office premises for the periods from 12 months to 193 months. In addition, on May 22<sup>nd</sup>, 2016, DEAN & DELUCA, Inc. entered into a six years agreement to become the Title Sponsor of DEAN & DELUCA Invitational, an internationally televised PGA Tour event, beginning in May 2016. The totals of future minimum lease payments under non-cancellable operating leases and the commitment under the Title Sponsor Agreement for each period are as follows:

	Million Baht	
	2016	2015
Not later than 1 year	986.5	334.3
Later than 1 year and not later than 5 years	4,290.1	1,061.3
Later than 5 years	2,976.4	1,140.1
Total	8,253.0	2,535.7

### 3. 2016 MANAGEMENT OUTLOOK AND STRATEGY

#### PROFIT GENERATION CAPABILITY OF REAL ESTATE BUSINESS

1. Details and progress of the Company's residential projects are as follows:

Projects	Operated By	Project Value (MB)	Total Units	Sales Progress			Actual Transferred Value (MB) in 2016	Start of Transfer in Year
				No. of Sold Units	Million Baht	%		
MahaNakhon - The Ritz-Carlton Residences, Bangkok	Pace Project Two	15,000	209	152	9,697	70	1,342	April 2016
MahaSamutr - Villa	Company	4,000	80	21	1,069	27	-	Q4'17
Nimit Langsuan	Company	8,000	187	163	6,552	86	-	2018
Narathiwas	YLP	3,000	36	N/A	N/A	N/A	-	2019

#### 2. Updates for construction progress of MHNK, MHSM, NIMIT

##### MahaNakhon Project

The Company has received the Building Occupancy Permit since March, 2016, and started to transfer some residential units of "The Ritz-Carlton Residences, Bangkok" since April, 2016, and will continually transfer more residential units onwards. In addition, the other parts of MahaNakhon tower such as hotel and Sky Observation Deck are in the process of interior decoration which are expected to be completed in the 4<sup>th</sup> quarter of 2017.

##### MahaSamutr Project

The Company has received the Land Subdivision Permits already and in the progress of constructing the luxury villa and interior decoration. There are approximately 50 luxury villas completed (total of 80 luxury villas). This project is expected to transfer the luxury villas by year end 2017 onwards.

##### Nimit Langsuan Project

The Company has received the approval of Environmental Impact Assessment report (EIA) in the early of the year 2016. Currently, the project is the progress of piling, and expected to be completed and transferred in the late of 2018 onwards.

#### PROFIT GENERATION CAPABILITY & EXPANSION PLAN OF DEAN & DELUCA

##### United States

The United States expansion plan for 2017 focuses on opening multiple new retail locations for both markets and chef led fast food concept (smaller format). The smaller format is much more scalable than market stores with anticipated smaller foot print requirement, better margins and faster payback period. Emphasis will be on full market penetration within each identified city, rather than placing a fewer number of locations within a higher number of unique cities. This also allows the Company to gain efficiencies effectively in regards to distribution, production and marketing efforts.

The following are key initiatives and strategies to improve performance of existing operations:

##### Product Assortment:

- Establish Merchant Core Team hiring experts in each category to improve quality, selection and profitability of all retail categories
- Implement new system and reporting platform to improve visibility and analysis across all categories

- Review overall pricing and assortment strategies to encourage local repeat grocery/specialty foods business for higher basket average and greater spend by delivering value at all levels of the customer experience
- Review of private label assortments to refresh current offerings and sourced for better high quality and relevant ingredients.

#### *Catering:*

- Develop and standardize corporate catering offerings across all stores. Launch new collateral and recipes
- Centralize NYC catering operation to commissary to improve quality, consistency and capacity
- Develop and pilot social catering program

#### *Sales and Marketing:*

- Establish Sales and Marketing discipline for market operations
- Partner with premier F&B PR agency to seed brand stories in key markets
- Partner with social agency to build following in social channels as a future communications platform and to appeal to millennial consumers
- Develop store-level events to spur local interest and traffic

#### *Direct Channels (B2B & B2C):*

- Hire NY based creative team to improve the quality and sophistication of catalog design
- Adjust the product selection in both the B2B and B2C catalogs to spur higher Average Order Value (AOV) and improve sales
- Focus on increasing availability and accuracy of all catalog items for the full trading period
- Assess warehouse and distribution center requirements to improve logistics and efficiencies by reducing shipping costs, lower labor dependencies and manual errors.

#### **United Kingdom**

The Company has set up new operation in United Kingdom to expand DEAN & DELUCA. United Kingdom is a key region which has large opportunity for growth. The first store will be opened in mid of 2017 in Mayfair, heart of central London, as a brand introduction. We plan to expand many more stores in following years.

#### **Thailand**

Dean & DeLuca (Thailand) opened 5 new stores in 2016. We will add more locations in 2017 which are based on profitable café concept. We have secured 2 more sites including Suvarnabhumi Airport (51% joint venture) and Silom road. These new café stores require less staff, have lower capital requirement and emphasis on higher margin beverage sales and will drive significant profitability. We are continuing to work on our various offers, focusing on quality, discovery and innovation. We are currently developing new food, beverage and retail programs that will allow us lead the market with our restaurants and café concepts.

#### **Japan**

As of December 31<sup>st</sup>, 2016, DDCJ has 11 stores in operation including 4 new stores opened during the year, all in urban area with high density population. The expansion will be café format of not more than 200 square meters in size, targeting highly dense populated area such as train hubs and stations. Stores in these locations generate outstanding sales and provide much more return on capital comparing other locations. The key focus is to develop real estate pipelines enough to deliver store expansion as planned.

### **FACTORS THAT MAY INFLUENCE BUSINESS OPERATIONS IN THE FUTURE**

#### **Real estate business:**

Nowadays, the rising cost of land becomes a major risk for operating a real estate business. Additionally, the difficulty of finding a good location of land with reasonable price point in central Bangkok has arisen. That being said, the Company has studied the outlook of high-end real estate business and has been proactively in acquiring new pieces of land for upcoming projects in 2-3 years for continuous revenue recognition of its real estate business.

#### **Food and beverages business:**

Labor rules are becoming restrictive in several states and with some states and cities enacting hire wage laws. Foreign exchange with strong dollar can affect licensed partners from purchasing larger quantity of private label and Dean & DeLuca products. Introductions of new concepts can increase competition and affect our business. Rising rent per square feet can affect the Company's ability to secure best locations and generate higher EBITDA. Ability to hire productive employees as the Company expands can affect operating and store performance. Management is aware of these factors and will be addressing each factor to reduce its affect.

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee of PACE Development Corporation Public Company Limited composed 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. The Audit Committee operates independently. As well as it has carried out its duties and responsibilities in accordance with the established best practices guidelines for Audit Committee as announced by the SET, in accordance with the Charter of Audit Committee and performs as assigned by the Board of Directors in overseeing the Company.

In the year 2016, the Company's Audit Committee held 7 meetings to discuss and consider important subjects. So that meeting without management team only one time. The summary of the significant details were following below:

## 1. REVIEW OF ACCURACY OF FINANCIAL STATEMENTS

The Audit Committee reviewed the quarterly and annually Company's financial statements 2016. In order to propose them to the Board of Directors for consideration and acceptance; whereby questions and clarifications were discussed with the Management and Auditors with regards to the accuracy and comprehensiveness of the financial statements, as well as the sufficiency of note to financial statements disclosures. 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 disclose accurate information adequately for the benefit of investors and users of financial statements.

## 2. REVIEW AND EVALUATION SUFFICIENCY OF INTERNAL CONTROL SYSTEMS

The Audit Committee reviewed the Company's internal control systems with the internal audit unit and approved the annual internal audit plan; including quarterly review and monitoring. The Audit Committee has an opinion that the Company had been operating sufficiency and appropriately of the internal control systems. According to the external auditor also evaluated the Company's internal control systems and report that there is no cause that might impact on the Company's financial statements significantly.

## 3. REVIEW 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.



#### 4. REVIEW 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.

#### 5. CONSIDERATION OF SELECTING 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.

#### 6. GOOD CORPORATE GOVERNANCE

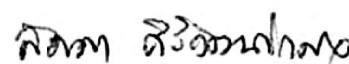
The Board of Directors and the Management emphasize on the Company's corporate governance in order to comply with the principles of good corporate governance. Such as, they focus on related transactions to ensure that the company's operate followed the general business trading condition and ethical business operations that brings trust to the company's shareholders, investors and all other relevant parties

#### 7. PARTICIPATION IN THAILAND'S PRIVATE SECTOR COLLECTIVE ACTION COALITION AGAINST CORRUPTION (CAC)

On August 14, 2014, PACE enlisted in the declaration of intention by Thailand's Private Sector Collective Action Coalition against Corruption (CAC) and applied for CAC membership in December, 2016.

#### 8. THE AUDIT COMMITTEE'S PERFORMANCE ASSESSMENT

The Audit Committee's performance assessment was conducted annually. It was participated by the Audit Committee's members themselves, The Audit Committee perform independently throughout the time. To review that completeness of the extent set forth in the Charter of the Audit Committee.



Mrs. Ladda Siri Wattanakosol  
Chairman of Audit Committee

# REPORT OF RISK MANAGEMENT COMMITTEE

The Risk Management Committee of PACE Development Corporation Public Company Limited composed of 5 directors of that are 3 independent directors: 1) Mr. Prasert Patradhilok (Chairman of Risk Management Committee), 2) Ms. Benjaporn Prisuwanna (Member of Risk Management Committee), and 3) Mrs. Ladda Siri wattanakosol, and 2 directors of the Company: 1) Mr. Sorapoj Techakraisri, and 2) Mr. Chotipol Techakraisri.

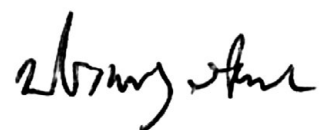
The Risk Management Committee carried out its duties and responsibilities in accordance with the best practice standard of governance guidelines for the listed company as set out in the charter of the Risk Management Committee together with the responsibilities assigned by the Board of Directors. In the year 2016, the Risk Management Committee held 1 meeting, and all members participated in this meeting. The significant details were summarized as below:

## 1. CONSIDER AND REVIEW THE CHARTER OF THE RISK MANAGEMENT COMMITTEE FOR THE YEAR 2016

The Risk Management Committee considered amending the charter of the Risk Management Committee, and focused on the risk of corruption which the Company has announced its intention to participate in the Private Sector Collective Action Coalition against Corruption (CAC). Moreover, the Company emphasized the contribution of the management team in determining the criteria of risks and the measure of risk management in the appropriate situation.

## 2. CONSIDER AND REVIEW THE RISK ASSESSMENT OF THE YEAR 2016

The Risk Management Committee considered the policy and overall of the Company's risk management including all risks; for instance, financial risk, investment risk that might affect the reputation of the Company, and the risk of corruption to propose to the Board of Directors for approval.



Mr. Prasert Patradhilok  
Chairman of the Risk Management Committee

# REPORT OF NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee of PACE Development Corporation Public Company Limited consisting of 5 committees; that is, 3 independent committees whose name are Ms. Benjaporn Prisuwanna (Chairman of Nomination and Remuneration Committee), Mr. Prasert Patradhilok, Mrs. Ladda Siri Wattanakosol and 2 members of Nomination and Remuneration Committee whose name are Mr. Sorapoj Techakraisri and Mr. Chotipol Techakraisri.

Nomination and Remuneration Committee has performed their duty as specified in charter of Nomination and Remuneration Committee of the company. In 2016, Nomination and Remuneration Committee once held the meeting which had constituted quorum. The substantial summary for performance shall be as follows;

## 1. CONSIDERING THE ELECTION OF COMMITTEE IN REPLACEMENT FOR RETIRED COMMITTEE

Nomination and Remuneration Committee has considered to nominate qualified person to be in the vacant position of committee by considering the proportion and various components in every aspect of qualified committee according to good corporate governance.

## 2. CONSIDERING THE ANNUAL REMUNERATION FOR COMMITTEE

Nomination and Remuneration Committee has reviewed the remuneration rate and benefits of directors of company by considering the suitability and compliance with the scope of duty and responsibility of committee compared to other companies in the same business practice and considering other relevant factors such as company's business profits, accomplishments and economic situation.

## 3. CONSIDERING THE CHARTER OF NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee has considered, revised and amended the charter of Nomination and Remuneration Committee for guidelines in the future to Nomination and Remuneration Committee.

## 4. CONSIDERING REMUNERATION OF CHIEF EXECUTIVE LEVEL FOR YEAR OF 2015 - 2016

Nomination and Remuneration Committee considered the guideline for remuneration and benefits of chief executive level such as Chief Executive Officer and executive management level for four ranks by considering company's business profits, performance of individual executives and comparison of remuneration amongst chief executive level in other companies in the same business practice.



Ms. Benjaporn Prisuwanna  
Chairman of Nomination and Remuneration Committee



# FINANCIAL STATEMENT

Annual Report 2016



# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pace Development Corporation Public Company Limited

## *Opinion*

I have audited the consolidated and separate financial statements of Pace Development Corporation Public Company Limited and its subsidiaries ("the Group"), and of Pace Development Corporation Public Company Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Group and the Company as at December 31, 2016, 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.

## *Basis for Opinion*

I conducted my audits in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audits of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## *Emphasis of Matter*

I draw attention to Note 2 to the financial statements that the consolidated financial statements for the year ended December 31, 2016 included financial statements for the year then ended of three subsidiaries, which have been prepared based on quantitative information of construction area of each project of such subsidiaries. However, my opinion is not modified in respect of the matter emphasized.

## *Key Audit Matters*

Key audit matters are the matters that, in my professional judgment, were of most significance in my audits of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audits of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter Details	Auditor's Approach
<p><i>Assessment of impairment loss on trademark and trade name, franchise agreements and goodwill</i></p> <p>The Group has significant indefinite useful life of trademark and trade name and definite useful lives of franchise agreements in food and beverage business. In addition, the Group has significant goodwill derived from business combination by acquisition method of food and beverage business and MahaNakhon Project.</p> <p>According to Thai Financial Reporting Standards, the Group has to prepare an impairment test analysis on trademark and trade name, franchise agreement and goodwill on an annual basis. The recoverable amounts are assessed by the management and consulted with experts. The management's judgement and assumptions such as business growth rate, forecast on revenues and gross margin rates, forecast on capital expenditure budget and selling and operating expenses and discount rates will be affected by changes of future economic and market. Hence, I focused on this area.</p>	<ul style="list-style-type: none"> <li>• Used of my member network firm's expert to assist the assessment of impairment test analysis on the work of expert who was engaged by the management for trademark and trade name, franchise agreements and goodwill of food and beverage business.</li> <li>• Used of the work of expert who was engaged by the management to assist the assessment of impairment test analysis for goodwill of MahaNakhon Project.</li> <li>• Understood and evaluated the significant assumptions applied by the management in preparing the cash flow projections including discount rates used to discount future cash flows.</li> <li>• Compared and evaluated the cash flow projections, key assumptions and discount rates to the management's budget and business plan, historical and current actual operations, economic and industries, and expert's valuation reports.</li> <li>• Tested calculation of recoverable amounts of each Cash Generating Unit according to the Group's financial models and compared with the carrying values of trademark and trade name, franchise agreements and goodwill.</li> <li>• Considered the adequacy and appropriateness of the Group's disclosures made in notes to financial statements.</li> </ul>

Key Audit Matter Details	Auditor's Approach
<p><i>Assessment of deferred income tax assets</i></p> <p>The Group has significant amount of deferred income tax assets in the statement of financial position. 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. The Group re-assesses unrecognized deferred income tax assets at each statement of financial position date. The 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 and 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 assessment of such figures depended on the management's judgement and assumptions to assess the taxable profit projections. Hence, I focused on this area.</p>	<ul style="list-style-type: none"> <li>• Understood and evaluated the management's significant judgement and assumptions used in their assessment of loss carry forward, 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 and the probable that future taxable profit.</li> <li>• Evaluated, compared and tested calculation of projected taxable profit to the management's business plan and budget, actual and historical operations, economy and future trend.</li> <li>• Evaluated the appropriateness and tested calculation of loss carry forward and temporary differences recognized as deferred tax assets.</li> <li>• Considered the adequacy and appropriateness of the Group's disclosures made in notes to financial statements.</li> </ul>

### ***Other Information***

Management is responsible for the other information. The other information comprises the annual report but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audits of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance

***Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate financial statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements***

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audits.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Ms. Wimolsri Jongudomsombut)  
 Certified Public Accountant, Registration No. 3899  
 Baker Tilly Audit and Advisory Services (Thailand) Ltd.  
 Bangkok  
 February 28, 2017

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

## ASSETS

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5, 23	692,454,925	651,100,217	186,195,012	125,199,788
Short-term investments	6	44,695,181	68,912,316	44,695,181	68,912,316
Trade and unbilled trade account receivables					
- Related companies	4	50,203,390	42,442,238	-	-
- Other companies - net	7	43,140,306	63,365,967	-	-
Inventories - net	8, 23	296,007,881	268,274,448	-	21,370,371
Real estate projects for sales under development	11, 12, 13, 20, 23, 34	10,553,946,013	8,262,491,656	2,424,583,929	964,817,237
Advance payments for construction		338,847,905	423,387,548	94,704,655	53,192,795
Short-term loans to subsidiaries and interest receivables	4	-	-	2,513,091,088	714,498,073
Advances to and other receivables from subsidiaries and related parties	4	6,715,247	26,055,599	126,143,553	106,831,867
Refundable value added tax		238,179,037	158,077,107	1,470,280	1,118,379
Other current assets		149,692,550	117,595,393	4,916,254	5,590,422
<b>Total Current Assets</b>		<b>12,413,882,435</b>	<b>10,081,702,489</b>	<b>5,395,799,952</b>	<b>2,061,531,248</b>
<b>NON-CURRENT ASSETS</b>					
Investments in shares of subsidiaries - at cost	4, 9, 18, 23	-	-	2,935,143,503	2,934,143,503
Investment in shares of joint venture - at equity method	4, 10, 34	227,911,164	-	-	-
Restricted savings deposit and current account	34	291,042,913	226,702,192	39,312,602	17,015,897
Accrued management fee income	4	-	-	240,000,000	180,000,000
Interest receivables from subsidiaries and related company	4	811,492	-	1,739,832,884	1,184,350,054
Long-term loans to subsidiaries and related company	4, 23	75,256,833	-	8,172,460,692	6,762,710,692
Right to use assets - net	13, 14, 34	46,258,835	35,780,289	-	-
Land	11, 12, 16, 20, 23, 34	1,503,387,183	1,503,387,183	276,241,642	276,241,642
Advance payments for construction		778,419,378	136,585,793	276,219,790	-
Deferred loan arrangement fee	23	8,200,000	65,976,300	-	29,671,250
Real estate projects for sales under development	10, 11, 12, 13, 20, 23, 27, 34	3,319,459,862	2,365,645,367	2,832,806,718	1,972,086,547
Construction in progress	2, 11, 13, 14, 16, 20, 23, 34	3,915,906,699	3,152,615,267	398,556,998	398,361,305
Leasehold improvements, sales gallery and equipment - net	4, 15	1,589,595,291	477,216,590	74,116,314	50,032,320
Properties for lease - net	12, 13, 16, 23	984,212,338	1,017,150,853	-	-
Intangible assets - net	17	2,292,177,643	2,592,252,104	5,567,946	3,649,114
Goodwill - net	9, 18	3,665,421,304	3,717,292,709	-	-
Deferred income tax assets - net	19	564,042,918	508,608,670	175,727,544	107,712,796
Other non-current assets - net		155,174,398	51,230,948	11,104,636	14,842,526
<b>Total Non-Current Assets</b>		<b>19,417,278,251</b>	<b>15,850,444,265</b>	<b>17,177,091,269</b>	<b>13,930,817,646</b>
<b>TOTAL ASSETS</b>		<b>31,831,160,686</b>	<b>25,932,146,754</b>	<b>22,572,891,221</b>	<b>15,992,348,894</b>

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

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

## LIABILITIES AND EQUITY

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	11, 12, 13, 20, 23	1,141,023,799	503,714,624	500,000,000	-
Short-term loans	21	4,444,980,779	2,727,023,019	4,346,220,665	2,727,023,019
Trade account payables					
- Related companies	4	-	44,319	-	-
- Other companies		1,660,243,014	1,041,674,982	462,651,560	271,501,410
Payable for purchase of land	12	101,412,000	101,412,000	101,412,000	101,412,000
Other payables to related companies	4	23,076,857	13,830,469	2,212,745	1,443,685
Other account payables		32,855,492	20,921,739	-	-
Current portion of long-term loans from financial institutions	4, 5, 8, 9, 11, 12, 13, 16, 23	9,235,365,213	8,171,653,693	1,120,277,000	-
Current portion of liabilities under finance lease contracts		6,135,242	3,848,288	3,386,641	2,911,257
Current portion of debentures	25	1,393,515,168	2,992,574,406	1,393,515,168	2,992,574,406
Advances and deposits received from customers	4, 22, 34	3,011,073,074	2,720,640,851	258,332,920	43,746,122
Income tax payable		9,163,809	8,469,854	-	-
Current portion of deferred revenue		2,698,996	95,787,174	-	-
Accrued expenses		467,962,951	206,926,018	82,886,416	51,342,038
Accrued construction costs		48,743,064	13,774,452	-	-
Other current liabilities		316,876,554	164,890,965	79,741,172	20,215,549
<b>Total Current Liabilities</b>		<b>21,895,126,012</b>	<b>18,787,186,853</b>	<b>8,350,636,287</b>	<b>6,212,169,486</b>
<b>NON-CURRENT LIABILITIES</b>					
Deposits received from customers	22, 34	1,572,437,071	1,032,987,999	1,500,268,709	1,002,442,715
Accrued interest from related parties	4	-	463,167,988	-	-
Long-term loans from financial institutions - net	4, 5, 8, 9, 11, 12, 13, 16, 23	2,513,505,149	1,143,924,348	2,128,260,489	1,143,924,348
Long-term loans from other persons	24	30,000,000	-	30,000,000	-
Liabilities under finance lease contracts - net		6,028,979	9,728,823	5,446,983	6,465,209
Debentures - net	25	3,300,863,331	1,579,962,667	3,300,863,331	1,579,962,667
Deferred revenue - net		-	32,001,458	-	-
Deferred income tax liability	19	691,201,184	734,812,464	-	-
Provision for employee retirement benefit	26	17,481,854	9,241,348	15,025,310	7,869,009
Other non-current liabilities		115,304,405	11,532,942	-	-
<b>Total Non-Current Liabilities</b>		<b>8,246,821,973</b>	<b>5,017,360,037</b>	<b>6,979,864,822</b>	<b>3,740,663,948</b>
<b>Total Liabilities</b>		<b>30,141,947,985</b>	<b>23,804,546,890</b>	<b>15,330,501,109</b>	<b>9,952,833,434</b>

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

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

## LIABILITIES AND EQUITY (Continued)

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
<b>EQUITY</b>					
Share capital	2, 27				
- Authorized share capital, common share					
4,078,028,197 shares in 2016 and 3,261,678,197 shares					
in 2015 at Baht 1 par value		4,078,028,197	3,261,678,197	4,078,028,197	3,261,678,197
- Issued and paid-up share capital, common share					
3,758,028,197 shares as in 2016 and 3,261,678,197 shares					
in 2015 at Baht 1 per share		3,758,028,197	3,261,678,197	3,758,028,197	3,261,678,197
Premium on common shares		3,846,808,395	2,897,314,489	3,846,808,395	2,897,314,489
Other reserve	4	463,167,988	-	-	-
Discount on increase in shareholding in subsidiaries	2, 9	(1,064,004,042)	(1,064,004,042)	-	-
Discount on business combination under common control		(324,475,349)	(324,475,349)	-	-
Currency translation differences		173,619,915	194,621,407	-	-
Retained earnings (Deficit)					
- Appropriated for legal reserve	28	15,643,231	15,643,231	15,643,231	15,643,231
- Deficit		(5,179,576,734)	(2,853,179,169)	(378,089,711)	(135,120,457)
<b>Equity Attributable to Owners of the Parent</b>		1,689,211,601	2,127,598,764	7,242,390,112	6,039,515,460
Non-controlling interests		1,100	1,100	-	-
<b>Equity - Net</b>		1,689,212,701	2,127,599,864	7,242,390,112	6,039,515,460
<b>TOTAL LIABILITIES AND EQUITY</b>		31,831,160,686	25,932,146,754	22,572,891,221	15,992,348,894

The accompanying notes 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, 2016

123

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
<b>Revenues</b>	4				
Revenue from sales of residential condominium units		1,375,102,102	109,000,000	32,829,000	-
Revenue from sales of merchandises, foods and beverages		3,235,503,278	3,225,264,874	-	-
Revenue from trademark and trade name fees		771,275,082	112,754,385	-	-
Rental and service income		53,458,986	42,003,199	-	-
Interior and creative service income		1,690,502	-	-	-
Interest income		2,407,915	1,322,334	667,792,277	524,642,294
Gain on foreign exchange - net		-	4,212,121	12,239,680	2,536,979
Management fee income		-	-	75,145,084	69,685,140
Other income		27,306,155	17,738,096	1,512,999	5,986,590
<b>Total Revenues</b>		<u>5,466,744,020</u>	<u>3,512,295,009</u>	<u>789,519,040</u>	<u>602,851,003</u>
<b>Expenses</b>	4				
Cost of sales of residential condominium units	11	1,029,453,687	85,185,163	21,370,371	-
Costs of sales of merchandises, foods and beverages		1,649,415,314	1,597,299,036	-	-
Cost of rental and service		103,281,943	93,393,609	-	-
Cost of interior and creative services		775,191	-	-	-
Selling expenses		2,356,836,496	1,607,980,360	107,064,499	209,824,120
Administrative expenses		2,034,527,123	1,553,261,591	426,396,646	389,678,921
Management benefit expenses		51,378,001	48,788,169	47,759,451	45,341,999
Loss on foreign exchange - net		6,961,298	-	-	-
Finance costs		638,118,841	583,848,842	497,912,075	410,741,908
<b>Total Expenses</b>		<u>7,870,747,894</u>	<u>5,569,756,770</u>	<u>1,100,503,042</u>	<u>1,055,586,948</u>
<b>Loss from Operations</b>		<u>(2,404,003,874)</u>	<u>(2,057,461,761)</u>	<u>(310,984,002)</u>	<u>(452,735,945)</u>
Share of net loss of investment in joint venture	10	(3,333,484)	-	-	-
<b>Loss before Income Tax</b>		<u>(2,407,337,358)</u>	<u>(2,057,461,761)</u>	<u>(310,984,002)</u>	<u>(452,735,945)</u>
Income tax income	19	80,939,793	188,869,517	68,014,748	88,249,517
<b>Loss for the Year</b>		<u>(2,326,397,565)</u>	<u>(1,868,592,244)</u>	<u>(242,969,254)</u>	<u>(364,486,428)</u>
<b>Other Comprehensive Income (Loss)</b>					
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Currency translation differences		(21,001,492)	184,993,626	-	-
<b>Item that will not be reclassified subsequently to profit or loss:</b>					
Actuarial gains		-	194,392	-	49,121
Income tax relating to other comprehensive income not be reclassified		-	(38,879)	-	(9,824)
		-	155,513	-	39,297
<b>Other Comprehensive Income (Loss) for the Year - Net of Tax</b>		<u>(21,001,492)</u>	<u>185,149,139</u>	<u>-</u>	<u>39,297</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(2,347,399,057)</u>	<u>(1,683,443,105)</u>	<u>(242,969,254)</u>	<u>(364,447,131)</u>
<b>Loss for the year attributable to:</b>					
Owners of the parent		(2,326,397,565)	(1,785,018,509)	(242,969,254)	(364,486,428)
Equity holders of the former shareholders of subsidiary		-	(37,633,445)	-	-
Non-controlling interests		-	(45,940,290)	-	-
		<u>(2,326,397,565)</u>	<u>(1,868,592,244)</u>	<u>(242,969,254)</u>	<u>(364,486,428)</u>
<b>Total comprehensive loss for the year attributable to:</b>					
Owners of the parent		(2,347,399,057)	(1,599,869,370)	(242,969,254)	(364,447,131)
Equity holders of the former shareholders of subsidiary		-	(37,633,445)	-	-
Non-controlling interests		-	(45,940,290)	-	-
		<u>(2,347,399,057)</u>	<u>(1,683,443,105)</u>	<u>(242,969,254)</u>	<u>(364,447,131)</u>
<b>Basic Loss per Share Attributable to Owners of the Parent</b>		<u>(0.669)</u>	<u>(0.631)</u>	<u>(0.070)</u>	<u>(0.129)</u>
<b>Weighted Average Number of Shares (In Shares)</b>	27	<u>3,477,787,486</u>	<u>2,827,248,880</u>	<u>3,477,787,486</u>	<u>2,827,248,880</u>

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

**SPACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Separate Financial Statements (In Baht)				
		Issued and paid-up share capital	Premium on common shares	Retained earnings (Deficit) Appropriated for legal reserve	Unappropriated	Net
<b>Balance as at January 1, 2015</b>		2,054,265,670	1,431,062,052	15,643,231	229,326,674	3,730,297,627
Increase in share capital	27	1,207,412,527	1,466,252,437	-	-	2,673,664,964
Total comprehensive loss for the year		-	-	-	(364,447,131)	(364,447,131)
<b>Balance as at December 31, 2015</b>		3,261,678,197	2,897,314,489	15,643,231	(135,120,457)	6,039,515,460
Increase in share capital	27	496,350,000	949,493,906	-	-	1,445,843,906
Total comprehensive loss for the year		-	-	-	(242,969,254)	(242,969,254)
<b>Balance as at December 31, 2016</b>		3,758,028,197	3,846,808,395	15,643,231	(378,089,711)	7,242,390,112

The accompanying notes 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, 2016

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Loss for the year	(2,326,397,565)	(1,868,592,244)	(242,969,254)	(364,486,428)
Adjustments to reconcile loss for the year to net cash provided by (used in) operating activities:				
Management fee income	-	-	(60,000,000)	(60,000,000)
Allowance for doubtful accounts (reversal)	(351,311)	151,101	-	-
Allowance for decline in value of inventories	343,026	2,731,601	-	-
Loss on decline in value of real estate project for sales under development	33,100,000	-	-	-
Depreciation and amortization	332,474,482	357,712,889	21,114,135	46,052,227
Gain on sales of short-term investments	(670,774)	(6,507,778)	(670,774)	(5,409,162)
Loss (gain) on sales of leasehold improvements, sales gallery and equipment	(690,842)	(529,918)	(459,024)	14,072
Write-off leasehold improvements and equipment	8,475,943	8,969,895	9,131	102,354
Write-off intangible assets	3,015,952	468,880	-	-
Reversal of unbilled construction payables	(10,756,935)	-	-	-
Provision for employee retirement benefit	9,878,206	3,310,047	8,794,001	2,853,249
Unrealized loss (gain) on foreign exchange - net	957,398	196,552	(12,375,908)	(3,914,196)
Unrealized gain on revaluation of short-term investments	(112,091)	(93,146)	(112,091)	(93,146)
Impairment loss on intangible assets and goodwill	183,461,651	3,295,178	-	-
Share of net loss of investment in joint venture	3,333,484	-	-	-
Income tax income	(80,939,793)	(188,869,517)	(68,014,748)	(88,249,517)
Interest income	(2,407,915)	(1,322,334)	(667,792,277)	(524,642,294)
Interest expense	638,118,841	583,848,842	497,912,075	410,741,908
<b>Decrease (increase) in operating assets:</b>				
Trade and unbilled trade account receivables	12,815,820	(57,319,883)	-	-
Inventories	(28,076,459)	43,579,010	21,370,371	-
Advances and other receivables from subsidiaries and related parties	19,340,352	(25,947,279)	(19,410,429)	(5,187,344)
Refundable value added tax	(80,101,930)	(73,553,990)	(351,901)	(657,565)
Real estate project for sales under development	(1,983,799,408)	(4,087,779,896)	(1,443,721,535)	(1,841,442,867)
Advance payments for construction	(191,680,147)	(36,936,712)	(317,731,650)	10,031,899
Other current assets	(32,097,157)	(40,708,578)	674,167	44,368,891
Other non-current assets	(86,006,441)	(25,802,165)	3,823,969	(9,239,445)
<b>Increase (decrease) in operating liabilities:</b>				
Trade account payables and accrued construction costs	83,114,319	33,134,120	(96,035)	(721,747)
Other payables to related companies	9,246,388	(4,127,478)	769,060	603,553
Advances and deposits received from customers	829,881,295	1,690,427,660	712,412,792	1,018,942,715
Other account payables	11,933,753	13,803,543	-	-
Deferred revenue	(125,086,143)	(75,012,610)	-	-
Accrued expenses	239,518,624	(11,157,095)	31,483,251	(8,149,601)
Other current liabilities	151,985,589	(8,036,752)	59,525,623	(12,418,576)
Other non-current liabilities	103,771,463	10,718,035	-	-
Payment of employee retirement benefit	(1,637,700)	-	(1,637,700)	-
Income tax paid	(29,928,942)	(7,404,152)	(434,731)	(93,217)
<b>Net Cash Used in Operating Activities</b>	<b>(2,305,974,967)</b>	<b>(3,767,354,174)</b>	<b>(1,477,889,482)</b>	<b>(1,390,994,237)</b>

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



## STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Increase in investments in shares of subsidiaries	-	(372,022,297)	(1,000,000)	(1,856,321,997)
Increase in investment in shares of joint venture	(273,399,955)	-	-	-
Unearned royalty income	31,108,549	-	-	-
Decrease in deposit for assets acquisition	-	318,908,775	-	318,908,775
Increase in restricted savings deposit and current account	(64,340,721)	(50,752,790)	(22,296,705)	(17,015,897)
Additions in non-controlling interests from investments in new subsidiary	-	300	-	-
Increase in short-term investments	(855,000,000)	(2,940,000,000)	(855,000,000)	(2,880,000,000)
Proceeds from sales of short-term investments	880,000,000	3,396,589,190	880,000,000	3,275,000,000
Increase in short-term loans to subsidiaries	-	-	(1,901,478,904)	(618,491,494)
Cash receipts from short-term loans to subsidiaries	-	-	208,786,900	-
Increase in long-term loans to subsidiaries and related company	(74,115,300)	-	(1,514,750,000)	(3,197,285,348)
Decrease in long-term loans to subsidiaries	-	-	105,000,000	1,373,500,000
Proceeds from sales of land and structure	-	-	-	7,500,000
Proceeds from sales of leasehold improvements, sales gallery and equipment	6,521,631	679,931	4,619,520	700
Purchases of leasehold improvements and equipment	(666,590,201)	(200,577,421)	(37,852,974)	(29,622,011)
Purchases of intangible assets	(25,587,751)	(44,338,054)	(3,570,263)	(2,562,126)
Advance payments for construction	(365,613,795)	(12,741,322)	-	-
Payment of right to use assets	(15,612,563)	(27,729,205)	-	-
Purchases of land	-	(110,000,000)	-	-
Increase in property for lease	(6,402,119)	-	-	-
Increase in construction in progress	(885,404,747)	(1,142,844,894)	(195,693)	(15,275,263)
Interest received	1,596,423	1,322,334	18,979,124	653,100
<b>Net Cash Used in Investing Activities</b>	<b>(2,312,840,549)</b>	<b>(1,183,505,453)</b>	<b>(3,118,758,995)</b>	<b>(3,641,011,561)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	651,795,625	261,014,625	500,000,000	(242,700,000)
Increase in short-term loans	4,875,000,000	2,825,000,000	4,275,000,000	2,825,000,000
Repayment of short-term loans	(3,125,000,000)	(1,250,000,000)	(2,625,000,000)	(1,250,000,000)
Cash receipts from short-term loans from subsidiaries	-	-	598,000,000	-
Repayment of short-term loans from subsidiaries	-	-	(598,000,000)	-
Cash receipts from loans from director	85,141,920	34,390,000	-	-
Repayment of loans from director	(85,141,920)	(195,390,000)	-	-
Cash receipts from long-term loans from financial institutions	3,387,355,852	2,226,032,774	2,142,104,605	-
Cash receipts from debentures	3,123,000,000	1,600,000,000	3,123,000,000	1,600,000,000
Repayment of shareholder loans	-	(1,228,800,426)	-	-
Repayment of long-term loans from financial institutions	(896,558,291)	(18,700,800)	-	-
Repayment of debentures	(2,999,500,000)	-	(2,999,500,000)	-
Repayment of liabilities under finance lease contracts	(4,037,890)	(3,779,918)	(3,167,842)	(3,091,864)
Payment of deferred loan arrangement fee and debenture underwriting fee	(137,903,452)	(109,339,312)	(49,763,570)	(62,920,880)
Proceeds from increase in share capital	960,000,000	2,679,829,275	960,000,000	2,679,829,275
Payment of expenses relating to increase in share capital	(43,206,094)	(6,164,311)	(43,206,094)	(6,164,311)
Interest paid	(1,130,775,526)	(1,636,655,332)	(621,823,398)	(481,113,183)
<b>Net Cash Provided by Financing Activities</b>	<b>4,660,170,224</b>	<b>5,177,436,575</b>	<b>4,657,643,701</b>	<b>5,058,839,037</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>41,354,708</b>	<b>226,576,948</b>	<b>60,995,224</b>	<b>26,833,239</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>651,100,217</b>	<b>424,523,269</b>	<b>125,199,788</b>	<b>98,366,549</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>692,454,925</b>	<b>651,100,217</b>	<b>186,195,012</b>	<b>125,199,788</b>

The accompanying notes 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, 2016

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
<b>Non-Cash Transactions</b>				
a) Interest expense recorded as cost of real estate project for sales under development, construction in progress and fixed assets	7,696,345	7,053,090	6,625,494	4,230,415
b) Construction payables and accrued construction costs	1,289,740,948	759,935,833	456,336,767	271,501,410
c) Payable for purchase of land	101,412,000	101,412,000	101,412,000	101,412,000
d) Transfer construction in progress to leasehold improvements and equipment	591,368,418	-	-	-
e) Transfer real estate project for sales under development to land	-	10,217,163	-	10,217,163
f) Transfer construction in progress to real estate project for sales under development	-	6,673,108	-	6,673,108
g) Transfer construction in progress to properties for lease	-	38,186,368	-	-
h) Transfer construction in progress to right to use assets	-	8,816,326	-	-
i) Transfer furnitures of sales gallery to real estate project for sales under development	44,541,592	-	-	-
j) Deferred loan arrangement fee and debenture underwriting fee capitalized as a part of real estate project for sales under development, construction in progress and fixed assets	31,615,415	52,711,583	10,816,294	11,055,669
k) Refinance short-term loans to long term loans	-	1,146,000,000	-	1,146,000,000
l) Purchase of land by share swap	529,050,000	-	529,050,000	-
m) Short-term loans transferred to long-term loans from other persons	30,000,000	-	30,000,000	-
n) Increase in investments in shares of subsidiary by share swap	-	-	-	240,000,000
o) Leasehold improvements and equipment increased by means of :				
- Finance lease agreements	2,625,000	5,051,493	2,625,000	3,794,250
- Payables for purchase of leasehold improvements and equipment - net	44,623,354	-	6,314,792	-
- Cash payments	666,590,201	200,577,421	37,852,974	29,622,011
Total	713,838,555	205,628,914	46,792,766	33,416,261

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

**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 major shareholder of the Company as at December 31, 2016 and 2015 is Techakraisri Group who owned 43.27% and 51.88% 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 are together referred to as “the Pace Development Corporation Group”. The consolidated and 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 and separate 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, Subsidiaries and Loss of control

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.

Subsidiaries are entities controlled by the Pace Development Corporation Group. The Pace Development Corporation Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Pace Development Corporation Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

- c) The financial statements for each of the years ended December 31, 2016 and 2015 of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. ("the Pace Group") have been prepared based on the quantitative information of construction area of each project of these subsidiaries, which is shown below:

Subsidiaries	Previous Proportion (%)	New Proportion (%)	
	Land, construction costs and common project costs	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

- d) During the first quarter of 2015, the Company invested in a new subsidiary namely Pace Interior Services Co., Ltd. as discussed in Note 9.

At the extraordinary shareholders' meeting held on January 8, 2015, the shareholders approved

- the sale and purchase transaction and novation of repayment of loans and accrued interest in the Pace Group according to the Option Agreement with IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Note 4,
- the increase in authorized share capital from Baht 2,054,265,670 (divided into 2,054,265,670 common shares at Baht 1 par value) to Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value),
- the allocation of newly issued common shares to IBC Thailand Ltd. and IDJ Holding Ltd. under Private Placement Scheme for the purchase of additional investments in Pace Group and capital increase not exceeding 542,722,500 shares at the price of Baht 3.39 per share,
- the allocation of newly issued 600,000,000 common shares with the par value of Baht 1 to offer to the existing shareholders in proportion to their shareholding (Rights Offering) by General Mandate.

On April 22, 2015, the Company called IBC Thailand Ltd. and IDJ Holding Ltd. to pay up the additional share capital by the following means:

	In Thousand Baht
Cash contributions	1,725,239
Share swap	114,590
Total	1,839,829

The above cash contributions and share swap, including deposit for acquisition of assets of Baht 318.9 million and cash payment for withholding tax deducted at source of Baht 112.4 million are using for:

	No. of shares	Percentage of Shareholding	In Thousand Baht
Purchase of investments in common shares of:			
- Pace Real Estate Co., Ltd.	32,919	32.32%	11,581
- Pace Project One Co., Ltd.	320,000	16.00%	112,577
- Pace Project Two Co., Ltd.	320,000	16.00%	112,577
- Pace Project Three Co., Ltd.	160,000	16.00%	56,287
			293,022
Transfer the right of loans and accrued interest of Pace Real Estate Co., Ltd., Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd.			1,978,113
Total			2,271,135

On April 22, 2015, the Company has additionally purchased shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Notes 4 and 9 and has entered into the Loan and Payment Advances Assignment Agreements with the Pace Group and IBC Thailand Ltd. for the above transfer the right of loans and accrued interest as discussed in Note 4.

At the annual general shareholders' meeting held on April 27, 2015, the shareholders approved:

- a) the sale and purchase transaction and novation of repayment of loans in Dean and Deluca (Thailand) Co., Ltd.,
- b) the decrease in authorized share capital from Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value) to Baht 2,596,988,170 (divided into 2,596,988,170 common shares at Baht 1 par value),
- c) the increase in authorized share capital from Baht 2,596,988,170 (divided into 2,596,988,170 common shares at Baht 1 par value) to Baht 3,261,678,197 (divided into 3,261,678,197 common shares at Baht 1 par value),
- d) the allocation of newly issued not exceeding 64,690,027 common shares to Khun Sorapoj Techakraisri (for the purchase of common shares and loan assignment of Dean and Deluca (Thailand) Co., Ltd.) under Private Placement Scheme at the price of Baht 3.71 per share,
- e) the allocation of newly issued not exceeding 600,000,000 common shares with the par value of Baht 1 to offer to the existing shareholders in proportion to their shareholding (Right Offering) by General Mandate,
- f) approve the Company to issue and offer debentures within an amount not more than Baht 5,000,000,000.

On April 29, 2015, the Company called Khun Sorapoj Techakraisri to pay up the additional share capital by the following means:

	<u>In Thousand Baht</u>
Cash contributions	161,000
Share swap	<u>79,000</u>
Total	<u>240,000</u>

The above share swap is using for acquiring 100% of shareholding in common shares of Dean and Deluca (Thailand) Co., Ltd. (999,998 common shares at Baht 100 par value) and cash contributions is using for assignment of the rights to receive a repayment of outstanding loans of Dean and Deluca (Thailand) Co., Ltd. from Khun Sorapoj Techakraisri.

Before April 29, 2015, Khun Sorapoj Techakraisri, the major shareholder of the Company had held the shares of Dean and Deluca (Thailand) Co., Ltd. and controlled its operation. This acquisition was thus considered to be a business combination under common control. The investment value was Baht 79.0 million and had the difference between the cost of this business combination under common control and the net book value of the equity of the subsidiary, amounting to Baht 263.1 million, was recorded as "Discount on business combination under common control" and was presented under the equity in the consolidated statements of financial position.



The net book values of assets and liabilities as at the acquisition date (April 29, 2015) and share swap made to purchase the investment in such subsidiary are summarized below.

	<u>In Thousand Baht</u>
Cash and cash equivalents	7,332
Trade account receivables	3,305
Inventories	15,693
Refundable value added tax	1,012
Other current assets	4,468
Leasehold improvements and equipment – net	108,077
Intangible assets - net	16,082
Deferred income tax asset	174
Other non-current assets	9,042
Trade account payables	(17,561)
Other payables to related companies	(55,285)
Other account payables	(2,824)
Current portion of long-term loans from financial institutions	(18,701)
Deferred revenue	(1,149)
Accrued expenses	(1,764)
Other current liabilities	(1,187)
Long-term loans from financial institutions – net	(54,555)
Loans from director	(195,390)
Provision for employee retirement benefit	(869)
Net book values of liabilities as at the acquisition date	(184,100)
Share swap for purchase of investment in shares	79,000
Discount on business combination under common control	<u>(263,100)</u>

During the third quarter of 2015, which the Company has additionally invested in 2 subsidiaries (Pace Food Retail Co., Ltd. and Pace Country Club Co., Ltd.), which a portion of additional investment in the increase in share capital of Pace Food Retail Co., Ltd. amounting to Baht 240 million was made by share swap of investment in shares of Dean & DeLuca (Thailand) Co., Ltd. as discussed in Note 9. Hence, as at December 31, 2015, the Company has 100% indirect holding in Dean and DeLuca (Thailand) Co., Ltd.

At the Board of Directors' meeting of the Pace Food Retail Co., Ltd., a subsidiary, held on August 14, 2015, the Board of Directors of such subsidiary approved such subsidiary to convert loan amounting to USD 35 million into common share of Dean & DeLuca Inc. On September 16, 2015, Pace Food Retail Co., Ltd. has entered into Equity for Debt Exchange Agreement with Dean & DeLuca Inc. to convert debt of USD 35 million to 1,400 common shares of Dean & DeLuca Inc. at the conversion rate of 1 share for USD 25,000. Dean & DeLuca Inc. registered the additional share capital of USD 14 (common share 1,400 shares at USD 0.01 par value) under the law of the State of Delaware, the United States of America on September 16, 2015.

At the Board of Directors' meeting of the Company held on November 5, 2015, the Board of Directors approved the Company to:

- a) increase share capital of YLP Company Limited, a subsidiary, from Baht 50 million (divided into 500,000 common shares at Baht 100 par value) to Baht 170 million (divided into 1,700,000 common shares at Baht 100 par value),
- b) establish the new subsidiary, Pace Creative Agency Co., Ltd. with the registered capital of Baht 10,000,000 (common share 100,000 shares at Baht 100 par value),
- c) establish the new subsidiary, Dean & Deluca Productions, LLC (which was be incorporated in USA) with the registered capital of USD 1,000,
- d) establish the new subsidiary, Dean & Deluca Small Format, LLC (which was be incorporated in USA) with the registered capital of USD 1,000.

During the year ended December 31, 2016, the Pace Development Corporation Group invested in:

- Dean & DeLuca Small Format, LLC (100% shareholdings) which was incorporated in The United States of America on February 17, 2016 with the registered capital of USD 1,000,
- Dean & DeLuca Café Japan Co., Ltd. (50% shareholdings) which was incorporated in Japan on February 2, 2016 with the registered capital of JPY 2,500 million. The management considers that this investment is as joint venture because both parties have joint control and rights to the net assets of such joint venture,
- Pace Management Co., Ltd. (99.97% shareholdings) which was incorporated in Thailand with the Ministry of Commerce on April 4, 2016 with the registered capital of Baht 1,000,000,
- D&D Mount Limited (100% shareholdings) which was incorporated in United Kingdom on May 4, 2016 with the register capital of GBP 1,
- D&D Fourteen Limited (100% shareholdings) which was incorporated in United Kingdom on May 13, 2016 with the register capital of GBP 1.
- Dean & DeLuca Small Format Lq. LLC (100% shareholdings) which was incorporated in The United States of America on December 8, 2016 with the registered capital of USD 1,000.

The consolidated financial statements for each of the years ended December 31, 2016 and 2015 include the financial statements of the Pace Development Corporation Group as follows:

			Proportionate of Share (%)	
	Nature of Business	Type of Holding	2016	2015
<b>Subsidiaries</b>				
YLP Company Limited	Property development	Direct	100	100
Pace Country Club Co., Ltd.	Property development and management	Direct	100	100
Pace Interior Services Co., Ltd.	Interior service	Direct	100	100
Pace Creative Agency Co., Ltd.	Designing, advertising and marketing communication	Direct	100	100
Pace Management Co., Ltd.	Management services	Direct	99.97	-
Pace Food Retail Co., Ltd.	Investment in equity shares of retailer of premium gourmet and delicatessen business	Direct	100	100
Dean and DeLuca (Thailand) Co., Ltd.	Food and beverage	Indirect	100	100
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	100	100
Pace Project One Co., Ltd.	Hotel	Direct and indirect	100	100
Pace Project Two Co., Ltd.	Luxury condominium	Direct and indirect	100	100
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	100	100
<b>Dean Group held by Pace Food Retail Co., Ltd.</b>				
- The Companies incorporated in The United States of America				
Dean & DeLuca, Inc.	Retailer of premium gourmet and delicatessen business	Indirect	100	100
Dean & DeLuca Brands, Inc.		Indirect	100	100
Dean & DeLuca Marketing, LLC		Indirect	100	100
Dean & DeLuca Atlanta, LLC		Indirect	100	100
Dean & DeLuca Markets, LLC		Indirect	100	100
D&D Cafes of NC, LLC		Indirect	100	100
Dean & DeLuca Georgetown, Inc.		Indirect	100	100
Dean & DeLuca Imports, Inc.		Indirect	100	100
Dean & DeLuca Call Center, Inc.		Indirect	100	100
Dean & DeLuca New York, Inc.		Indirect	100	100
Dean & DeLuca Espresso, Inc.		Indirect	100	100
Dean & DeLuca Madison Avenue, Inc.		Indirect	100	100
Gaetano & Barteau, Inc.		Indirect	100	100
Dean & DeLuca International, LLC		Indirect	100	100
Dean & DeLuca Brands Hawaii, LLC		Indirect	100	100
Dean & DeLuca Management Co.		Indirect	100	100
Dean & DeLuca, Incorporated		Indirect	100	100
Dean & DeLuca Espresso D.C., Inc.		Indirect	100	100
Dean & DeLuca Productions, LLC		Indirect	100	100
Dean & DeLuca Small Format, LLC		Indirect	100	-
Dean & DeLuca Small Format Lq. LLC		Indirect	100	-
- The Companies incorporated in United Kingdom				
D&D Mount Limited	Food and beverage	Indirect	100	-
D&D Fourteen Limited	Food and beverage	Indirect	100	-
<b>Joint venture (Incorporated in Japan)</b>				
Dean & DeLuca Café Japan Co., Ltd.	Food and beverage	Indirect	50	-

- e) Significant transactions among the Pace Development Corporation Group have been eliminated in these consolidated financial statements.
- f) The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.
- g) 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. SUMMARY OF 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.

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.

#### **Inventory Valuation**

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

Inventories of retailer of premium gourmet and delicatessen business are values at the lower of cost by using first-in, first-out method and net realizable value.

Cost of retailer of premium gourmet and delicatessen business comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

#### **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 joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in securities held for trading are determined at fair value. Gains or losses arising from changes in value of securities are 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.

### Right to Use Assets

Right to use assets that are acquired by the Pace Development Corporation Group is stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that right to use assets are available for use over the estimated useful lives of such right to use assets for the period of 170 months (expiring in December 2029).

### Leasehold Improvements, Sales Gallery and Equipment

Leasehold improvements, 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:

	Years
Leasehold improvements	1 - 20
Furniture, fixtures and equipment	1 - 10
Media equipment	5
Vehicles	3 - 5

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

### Properties for Lease

Properties for lease are stated at cost less accumulated depreciation and allowance for impairment losses (if any).

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

	Years
Building and building improvement - cube building	50
Mechanical, electrical and plumbing, lifts and escalator works	20
Car park system	5
Interior decoration and landscape	5

### Goodwill

Goodwill that arises upon the acquisition of subsidiaries are measured at initial recognition is discussed in Note 2 b). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

### Intangible Assets

Intangible assets that are acquired by the Pace Development Corporation Group are stated at cost less accumulated amortization and impairment losses.



Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each statement of financial position date. The estimated useful lives are as follows:

	Years
Trademark and trade name	Indefinite
Non-competition agreements	4
Franchise agreements	Term of agreements (4.17 and 6.5)
Customer relationships	4
Computer softwares	1 - 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).

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **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 and gains or losses on the curtailment are recognized immediately in profit or loss. The Pace Development Corporation Group recognizes gains or losses on the settlement of pension benefits when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to other 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.

### **Provision for Liability from Loyalty Programmes**

The provision for customer loyalty program represents current obligations arising from reward point program granted to the Pace Development Corporation Group's customers, which is calculated based on the estimates of redemption rate of the accumulated points used by the customers for the rewards and the average prices of the rewards.

## Use of Judgements and Estimates

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, 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 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.

### *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements consists of the following:

- Consolidation: whether the Pace Development Corporation Group has de facto control over an investee
- Lease classification
- Allocation basis for construction costs and common project costs of subsidiaries

### *Assumptions and estimation uncertainties*

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Current and deferred taxation
- Utilization of tax losses
- Business combination
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments

## Revenue Recognition and Expenses

The Pace Development Corporation Group recognized revenue from 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.

Sales of foods and beverages are recognized upon goods being delivered and services being rendered. Sales and service income are the invoiced value, excluding value added tax, of goods delivered and services rendered after deducting discounts and allowances.

Revenue from the sales of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the condition due, associated costs, the probable return of goods or the continuing management involvement with the goods.

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.

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement;

Other income is recognized as income on an accrual basis.

Expenses are recorded based 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 Pace Development Corporation Group anticipates 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.

### **Functional and Presentation Currency**

Items included in the financial statements of each of the Pace Development Corporation Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional currency and presentation currency.

## Foreign Operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates ruling on the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in the currency translation differences in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the currency translation differences in equity until disposal of the investment.

## Income Tax

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 reassesses 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.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

## Basic Loss per Share Attributable to Owners of the Parent

Basic loss per share attributable to owners of the parent are determined by dividing the 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 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, 2016 and 2015 are as follows:

			In Thousand Baht			
	Relationship	Policy of Pricing	Consolidated		Separate	
			Financial Statements		Financial Statements	
			2016	2015	2016	2015
<b>Revenue from sale of residential condominium units</b>						
Khun Chotipol Techakraisri	Shareholder	Contract price	-	30,000	-	-
Khun Chumpol Techakraisri	Shareholder	Contract price	-	15,000	-	-
Khun Yupa Techakraisri	Shareholder	Contract price	-	44,000	-	-
Khun Sorapoj Techakraisri	Shareholder	Contract price	-	20,000	-	-
MFT Development Co., Ltd.	Related company	Contract price	9,000	-	9,000	-
Total			9,000	109,000	9,000	-
<b>Revenues from sales of foods and beverages</b>						
Fourteen Points Company Limited	Related company	Mutual negotiation	761	946	-	-
Fierce Publishing Company Limited	Related company	Mutual negotiation	460	-	-	-
Verita MHK (Thailand) Ltd.	Related company	Mutual negotiation	31	-	-	-
Total			1,252	946	-	-
<b>Creative service income</b>						
Fourteen Points Company Limited	Related company	Mutual negotiation	259	-	-	-
Fierce Publishing Company Limited	Related company	Mutual negotiation	33	-	-	-
Total			292	-	-	-
<b>Rental and service income</b>						
Fourteen Points Company Limited	Related company	Contract price	29,818	31,312	-	-
Verita MHK (Thailand) Ltd.	Related company	Contract price	2,649	-	-	-
MahaNakhon Bespoke Tailoring Co., Ltd.	Related company	Contract price	1,340	456	-	-
Total			33,807	31,768	-	-
<b>Management fee income</b>						
Dean & DeLuca Inc.	Subsidiary company	Contract price	-	-	-	9,685
Pace Project One Co., Ltd.	Subsidiary company	Contract price	-	-	24,141	15,480
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	-	42,751	36,528
Pace Project Three Co., Ltd.	Subsidiary company	Contract price	-	-	8,253	7,992
Total			-	-	75,145	69,685
<b>Interest income</b>						
Pace Country Club Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	24,467	14,174
Pace Food Retail Co., Ltd.	Subsidiary company	MLR+3% p.a.				
		and 7.5% p.a.	-	-	19,257	83,422
Dean & DeLuca Inc.	Subsidiary company	MLR+3% p.a.	-	-	57,300	4,398
Pace Project One Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	192,371	152,553
Pace Project Two Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	207,153	145,730
Pace Project Three Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	124,062	97,192
Pace Real Estate Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	25,639	22,290
Pace Interior Services Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	3,102	-
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	13,434	4,112
Pace Creative Agency Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	71	-
Grovepark International Limited *	Related company	AFR p.a. **	811	-	-	-
Total			811	-	666,856	523,871

\* Relatives through the subsidiaries' directors

\*\* Applicable Federal Rate



			In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	Relationship	Policy of Pricing	2016	2015	2016	2015
<b>Sales of land and structures</b>						
Pace Country Club Co., Ltd.	Subsidiary company	Contract price	-	-	-	7,500
<b>Interest expense (included in real estate projects for sales under development, construction in progress and finance costs)</b>						
YLP Company Limited	Subsidiary company	5.75% p.a. and 6.00% p.a.	-	-	2,777	-
Pace Creative Agency Co., Ltd.	Subsidiary company	6.05% p.a.	-	-	1,038	-
Pace Food Retail Co., Ltd.	Subsidiary company	6.05% p.a.	-	-	691	-
IBC Thailand Ltd.	Shareholder	7.5% p.a.	-	28,279	-	-
Total			-	28,279	4,506	-
<b>Other expenses</b>						
Finch & Partners Group *	Related company	Mutual negotiation	102,392	32,171	7,668	21,593
Grovepark International Limited *	Related company	Contract price	7,059	-	-	-
WM Advisory Co., Ltd. *	Related company	Contract price	20,000	25,000	-	-
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	-	157	1,254
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	Mutual negotiation	-	-	2,598	2,678
Lumpini Property Management Co., Ltd.	Related company	Mutual negotiation	-	305	-	-
Fierce Publishing Co., Ltd.	Related company	Mutual negotiation	877	1,810	856	-
Fourteen Points Company Limited	Related company	Mutual negotiation	3,912	4,286	1,435	1,339
Total			134,240	63,572	12,714	26,864
<b>Purchase of land</b>						
Cinkara Property Co., Ltd.	Related company	Contract price	-	216,400	-	216,400
<b>Purchase of fixed assets</b>						
WM Imagineer Co., Ltd. *	Related company	Mutual negotiation	985	870	-	-
<b>Purchase of marketing media</b>						
Finch & Partners Group *	Related company	Mutual negotiation	22,033	-	-	-

\* Relatives through the subsidiaries' directors

The monetary management benefit expenses for each of the years ended December 31, 2016 and 2015 are as follows:

In Thousand Baht				
Description	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Salaries and other benefits	50,252	47,964	46,633	44,518
Meeting allowances	1,126	824	1,126	824
Total	51,378	48,788	47,759	45,342

The outstanding balances with related parties as at December 31, 2016 and 2015 in the consolidated financial statements are as follows:

	Consolidated Financial Statements (In Thousand Baht)				Balance as at December 31, 2016
	Balance as at December 31, 2015	Increase	Decrease	Currency translation differences	
<b>Trade and unbilled trade account receivables</b>					
Fourteen Points Company Limited	41,971	32,354	(28,718)	-	45,607
Verita MHK (Thailand) Ltd.	-	3,229	(803)	-	2,426
Fierce Publishing Co., Ltd.	-	527	(35)	-	492
MahaNakhon Bespoke Tailoring Co., Ltd.	471	1,387	(180)	-	1,678
Total	<u>42,442</u>	<u>37,497</u>	<u>(29,736)</u>	<u>-</u>	<u>50,203</u>
<b>Advances and other receivables</b>					
Finch & Partners Group (directorship)	23,144	9,199	(32,343)	-	-
Pace Development Co., Ltd.	2,911	-	-	(21)	2,890
Khun Sorapoj Techakraisri (shareholder)	-	3,825	-	-	3,825
Total	<u>26,055</u>	<u>13,024</u>	<u>(32,343)</u>	<u>(21)</u>	<u>6,715</u>
<b>Long-term loans and interest receivable</b>					
Grovepark International Limited (directorship)					
- Principal	-	74,115	-	1,129	75,244
- Interest receivable	-	811	-	13	824
Total	<u>-</u>	<u>74,926</u>	<u>-</u>	<u>1,142</u>	<u>76,068</u>
<b>Trade account payables</b>					
Fourteen Points Company Limited	44	-	(44)	-	-
Finch & Partners Group	-	83,903	(83,903)	-	-
Total	<u>44</u>	<u>83,903</u>	<u>(83,947)</u>	<u>-</u>	<u>-</u>
<b>Other payables</b>					
Pace Development Co., Ltd.	3,559	-	-	-	3,559
Grovepark International Limited	-	7,059	-	108	7,167
Fourteen Points Company Limited	271	3,912	(2,773)	-	1,410
Fierce Publishing Co., Ltd.	-	915	(674)	-	241
WM Imagineer Co., Ltd. (directorship)	-	1,054	(1,054)	-	-
WM Advisory Co., Ltd. (directorship)	10,000	21,400	(20,700)	-	10,700
Total	<u>13,830</u>	<u>34,340</u>	<u>(25,201)</u>	<u>108</u>	<u>23,077</u>
<b>Advances received from customers</b>					
Khun Sumate Techakraisri (shareholder)	327	-	-	-	327
Khun Chumpol Techakraisri (shareholder)	327	-	-	-	327
Khun Sorapoj Techakraisri (shareholder)	-	40,000	-	-	40,000
Khun Theera Vayakornvichitre (director)	500	-	(500)	-	-
Dynasty Apparel Co., Ltd. (directorship)	327	-	-	-	327
MFT Development Co., Ltd. (directorship)	-	9,000	(9,000)	-	-
Verita MHK (Thailand) Ltd. (indirect shareholding by director)	-	4,164	-	-	4,164
Total	<u>1,481</u>	<u>53,164</u>	<u>(9,500)</u>	<u>-</u>	<u>45,145</u>
<b>Short-term loans from director</b>					
Khun Sorapoj Techakraisri	<u>-</u>	<u>85,142</u>	<u>(85,142)</u>	<u>-</u>	<u>-</u>

	Consolidated Financial Statements (In Thousand Baht)				
	Balance as at December 31, 2015	Increase	Decrease	Currency translation differences	Balance as at December 31, 2016
<b>Accrued interest</b>					
Khun Sorapoj Techakraisri	386,295	-	(386,295)	-	-
Fourteen Points Holdings	76,873	-	(76,873)	-	-
Total	463,168	-	(463,168)	-	-

The aging analyses of trade account receivables - related companies as at December 31, 2016 and 2015 are as follows:

Consolidated Financial Statements (In Thousand Baht)		
	2016	2015
Trade account receivables		
Within credit term	1,354	712
Overdue		
- Not over 3 months	7,420	9,056
- Over 3 months to 6 months	10,648	8,546
- Over 6 months to 12 months	19,534	15,892
- Over 12 months	8,946	3,453
Total trade account receivables	47,902	37,659
Unbilled trade account receivables	2,301	4,783
Total	50,203	42,442

## DEPOSIT FOR ACQUISITION OF ASSET

On September 19, 2014, the Company entered into Option Agreement with IBC Thailand Ltd. and IDJ Holdings Ltd. to:

- Purchased 1.17% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 2.35% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. and the Company was assigned 7.245% of the right of loans and accrued interest from IBC Thailand Ltd. with the purchase price totalling USD 5 million, and
- Option to purchase 14.83% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 29.9829% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. and the Company was assigned 92.755% of the right of loans and accrued interest from IBC Thailand Ltd. with the non-refundable option price of USD 5 million (unless the other parties, IBC Thailand Ltd. and IDJ Holding Ltd. cannot comply with the conditions specified in the Option Agreement) and exercise price of USD 59 million within March 31, 2015.

Subsequently, on October 7, 2014, the Company made payment for deposit of above sale and purchase transaction and option to purchase totalling USD 9.75 million (net offset with withholding tax deducted at source of USD 0.25 million), equivalent to Thai Baht 318.9 million. The Company recorded such payment as "Deposit for acquisition of assets" in the statement of financial position as at December 31, 2014.

Subsequently, on April 22, 2015, the Company made the allocation of newly issued common shares to IBC Thailand Ltd. and IDJ Holding Ltd. under Private Placement Scheme for the purchase of additional investments and loan and accrued interest assignment in Pace Group of 542,722,500 shares at the price of Baht 3.39 per share as discussed in Notes 2 and 9. Thus, such deposit for acquisition of assets of Baht 318.9 million was recorded as a part of purchase of investments and loan and accrued interest assignment.

## LONG-TERM LOANS TO RELATED COMPANY

Long-term loans to Grovepark International Limited (incorporated in the Bahamas) are unsecured loans. These loans bear interest at the rate of Applicable Federal Rate ("AFR") will be payable in full upon the end of the term 60 months (expiring in April 2020) or earlier. The total loan amount will not exceed U.S. Dollars 6.0 million.

## **SHORT-TERM LOANS FROM DIRECTOR**

Short-term loans from director are unsecured loans and no interest bearing.

## **MANAGED SERVICES AGREEMENT**

The Pace Development Corporation Group has 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 into 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.

Dean & DeLuca Inc. has entered into Managed Services Agreement dated January 1, 2015 with the Company, whereby the Company will provide the services as indicated in agreements for the period of one year commencing from January 1, 2015. In consideration thereof, the Dean & DeLuca Inc. is committed to pay service fees of USD 70,500 per quarter.

## **MEMORANDUM TO SELL AND PURCHASE OF LAND**

On March 14, 2014, the Company has entered into amendment agreement of memorandum to sell and purchase of land for developing the new project with Cinkara Property Co., Ltd. at the amount of Baht 216.4 million. Expenses relating to the transfer of ownership shall be absorbed by the buyer as indicated in the agreement. The ownership on such land shall be transferred to the Company when payments are made in full amount within December 2014. Subsequently, on December 16, 2014, the Company made an amendment agreement to extend the payment of such remaining amount to be on March 31, 2015 (the date of transfer the ownership of land).

In 2014, the Company made an advance payment for land of Baht 180 million and on March 20, 2015, the Company made an additional payment for land of Baht 36.4 million for the remaining amount and the ownership of such land was transferred to the Company on that date.

## **DISTRIBUTION AND LICENSE AGREEMENT AND TRADEMARK LICENSE AGREEMENT**

A subsidiary of Pace Development Corporation Group has entered into the Distribution and License Agreement and the Trademark License Agreement, with an effective date of January 1, 2010 with Pace Development Co., Ltd., a related company, whereby the latter will be granted certain distribution and trademark usage rights in the business of operation of certain food stores under the name "Dean & DeLuca" in Thailand and hospitality sales business in some countries. In consideration thereof, the Pace Development Co., Ltd. is committed to pay initial license fee and royalty payment to a subsidiary of Pace Development Corporation Group at the rate that indicated in the agreement. The agreement will be in effective until December 31, 2018 with renewal option of 1 year advance notice.

On November 1, 2014, Pace Development Co., Ltd. (Assignor), a related company, entered into novation agreement to transfer the right and obligation under the Distribution and License Agreement and the Trademark License Agreement to Dean and Deluca (Thailand) Co., Ltd. (Assignee) under conditions as indicated in the Distribution and License Agreement and the Trademark License Agreement with Dean & DeLuca Inc. In consideration thereof, Dean and Deluca (Thailand) Co., Ltd. agreed to pay the novation fee to Pace Development Co., Ltd. of Baht 12.8 million within 3 months after the novation date. Such novation fee was paid on September 24, 2015 and was recorded as a part of "Intangible assets" in the consolidated statements of financial position as at December 31, 2016 and 2015.

## INTERIOR DECORATION WORKS TO RESIDENTIAL UNITS (UPPER/SKY RESIDENCE) AGREEMENT

On May 19, 2015, Pace Project Two Co., Ltd. has entered into the Interior Decoration Works to Residential Units (Upper/Sky Residence) Agreement with Pace Interior Services Co., Ltd. for drawing and interior services for the upper and sky residence units of MahaNakhon Project totalling Baht 342.2 million.

## MANAGED AND INTERIOR SERVICES AGREEMENTS

Pace Interior Services Co., Ltd., a subsidiary, has entered into 2 Managed and Interior Services Agreements for construction management and interior services of MahaNakhon Project dated January 1, 2016 and July 1, 2016 (2015: July 1, 2015 and August 1, 2015) with WM Advisory Co., Ltd., a related company, whereby such related company will provide the services as indicated in agreements expiring on June 30, 2016 and December 31, 2016, respectively (2015: December 31, 2015). In consideration thereof, such subsidiary is committed to pay service fees to such related company totalling Baht 20 million (2015: Baht 25 million).

## CONSULTANCY AGREEMENT

The Company has entered into Consultancy Agreement dated April 1, 2015 with Finch & Partners Group, a related company, whereby the later such related company will provide the services as indicated in agreement for the period of one year expiring on March 31, 2016. In consideration thereof, the Company is committed to pay consultancy fee totalling USD 800,000.

## JOINT VENTURE AND TRADEMARK LICENSE AGREEMENTS

On March 24, 2016, Dean & DeLuca International, LLC entered into a Joint Venture Agreement with the current licensee Japan partner, Dean & DeLuca Japan Co., Ltd. for conducting the café business in Japan under the newly formed joint venture namely Dean & DeLuca Café Japan Co., Ltd. as discussed in Note 10.

On March 31, 2016, Dean & DeLuca Brands, Inc. entered into a new Trademark License Agreement with Dean & DeLuca Japan Co., Ltd. Under the Agreement terms, Dean & DeLuca Brands, Inc. terminated the existing fixed-term License and Distribution Agreement and provided a perpetual Trademark License Agreement to Dean & DeLuca Japan Co., Ltd. for all businesses except café business in Japan with the agreed fee of JPY 2,170 million. On the same date, Dean & DeLuca Brands, Inc. granted a perpetual Trademark License Agreement with Dean & DeLuca Café Japan Co., Ltd., a newly formed joint venture, for café business in Japan with the agreed fee of JPY 200 million.

In consideration for these new Trademark License Agreements, Dean & DeLuca Brands, Inc. received by the following means:

	Amount	
	In Million JPY	In Thousand Baht
Cash received for one-time non-refundable royalty payment	1,350	420,670
Remaining prepaid royalty fee from termination of the old License and Distribution Agreement	345	108,749
50% ownership in the newly formed joint venture, Dean & DeLuca Café Japan Co., Ltd. under Share Transfer Agreement	675	210,335
Total	2,370	739,754

On March 31, 2016, Dean & DeLuca International, LLC entered into a Share Transfer Agreement with Dean & DeLuca Japan Co., Ltd. to be transferred 50% shares of Dean & DeLuca Café Japan Co., Ltd. (common share of 13,500 shares at JPY 50,000 per share) as the payment for the consideration of the above Trademark License Agreement.

In this regard, Dean & DeLuca Japan Co., Ltd. transferred 6 existing Café locations based in Tokyo under a Business Transfer Agreement to Dean & DeLuca Café Japan Co., Ltd. with the purchase price of JPY 950 million. Such cafes will be served as the foundation upon which the café business will be expanded across Japan.



## MEMORANDUMS OF TRANSFER OF ACCRUED INTEREST

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 Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (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. As at March 31, 2016, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have been granted such Form Or. 6. However, the Company will recognize income according to these 3 memorandums when the Company receives cash from such debtors.

Subsequently on May 25, 2016, the Company (Assignee) entered into another 3 memorandums with Khun Sorapoj Techakraisri and Fourteen Points Holdings (Assignors) and Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd. (Debtors) to cancel such 3 memorandums of transfer of accrued interest as mentioned above and decrease interest rate to such debtors to be at zero percentage. Hence, the Pace Development Corporation Group recorded such decrease of accrued interest expense totalling Baht 463.2 million as contributions from equity participants as "Other reserve" under the equity in the consolidated statement of financial position as at December 31, 2016.

## AGREEMENT TO PURCHASE AND SALE OF CONDOMINIUM UNIT

During the second quarter of 2016, the Company has made an agreement to purchase and sale of condominium unit of Ficus Lane Project with MFT Development Co., Ltd., a related company, at selling price of Baht 9.0 million. Such related company made the payment in full amount and the Company recorded revenue from sale of residential condominium unit in the consolidated and separate statements of comprehensive income for the year ended December 31, 2016.

The outstanding balances with related parties as at December 31, 2016 and 2015 in the separate financial statements are as follows:

	Separate Financial Statements (In Thousand Baht)			
	Balance as at December 31, 2015	Increase	Decrease	Balance as at December 31, 2016
<b>Short-term loans to and interest receivable</b>				
Pace Country Club Co., Ltd.				
- Principal	316,700	210,100	(145,700)	381,100
- Interest receivable	15,457	24,467	(18,043)	21,881
	<u>332,157</u>	<u>234,567</u>	<u>(163,743)</u>	<u>402,981</u>
Pace Food Retail Co., Ltd.				
- Principal	129,200	64,000	-	193,200
- Interest receivable	2,813	12,999	-	15,812
	<u>132,013</u>	<u>76,999</u>	<u>-</u>	<u>209,012</u>
Dean & DeLuca Inc.				
- Principal	110,930	1,398,453	(63,087)	1,446,296
- Interest receivable	4,515	58,197	-	62,712
	<u>115,445</u>	<u>1,456,650</u>	<u>(63,087)</u>	<u>1,509,008</u>
Dean and Deluca (Thailand) Co., Ltd.				
- Principal	130,770	139,500	-	270,270
- Interest receivable	4,113	13,434	-	17,547
	<u>134,883</u>	<u>152,934</u>	<u>-</u>	<u>287,817</u>
Pace Interior Services Co., Ltd.				
- Principal	-	92,600	-	92,600
- Interest receivable	-	3,102	-	3,102
	<u>-</u>	<u>95,702</u>	<u>-</u>	<u>95,702</u>
Pace Creative Agency Co., Ltd.				
- Principal	-	8,500	-	8,500
- Interest receivable	-	71	-	71
	<u>-</u>	<u>8,571</u>	<u>-</u>	<u>8,571</u>
<b>Total</b>	<u>714,498</u>	<u>2,025,423</u>	<u>(226,830)</u>	<u>2,513,091</u>

## Separate Financial Statements (In Thousand Baht)

	Balance as at December 31, 2015	Increase	Decrease	Balance as at December 31, 2016
<b>Advances to and other receivables</b>				
Pace Project One Co., Ltd.	664	10,868	(1,871)	9,661
Pace Project Two Co., Ltd.	6,364	16,899	(14,746)	8,517
Pace Project Three Co., Ltd.	13,015	1,457	(561)	13,911
Pace Real Estate Co., Ltd.	1,153	143	-	1,296
YLP Company Limited	-	4	-	4
Pace Country Club Co., Ltd.	1,019	6,600	-	7,619
Pace Creative Agency Co., Ltd.	441	417	(441)	417
Pace Food Retail Co., Ltd.	455	4,110	(3,509)	1,056
Pace Management Co., Ltd.	-	30	-	30
Dean & DeLuca Inc.	83,720	11	(98)	83,633
Finch & Partners International Limited	-	7,668	(7,668)	-
Total	106,831	48,207	(28,894)	126,144
<b>Accrued management fee income</b>				
Pace Project One Co., Ltd.	46,440	15,480	-	61,920
Pace Project Two Co., Ltd.	109,584	36,528	-	146,112
Pace Project Three Co., Ltd.	23,976	7,992	-	31,968
Total	180,000	60,000	-	240,000
<b>Interest receivables</b>				
Pace Project One Co., Ltd.	420,162	192,371	-	612,533
Pace Project Two Co., Ltd.	400,190	207,153	-	607,343
Pace Project Three Co., Ltd.	203,050	124,062	-	327,112
Pace Real Estate Co., Ltd.	71,150	25,639	-	96,789
Pace Food Retail Co., Ltd.	89,798	6,258	-	96,056
Total	1,184,350	555,483	-	1,739,833
<b>Long-term loans to</b>				
Pace Project One Co., Ltd.	2,417,359	318,150	-	2,735,509
Pace Project Two Co., Ltd.	2,357,567	1,039,600	(105,000)	3,292,167
Pace Project Three Co., Ltd.	1,578,929	157,000	-	1,735,929
Pace Real Estate Co., Ltd.	341,856	-	-	341,856
Pace Food Retail Co., Ltd.	67,000	-	-	67,000
Total	6,762,711	1,514,750	(105,000)	8,172,461
<b>Other payables</b>				
Pace Project Two Co., Ltd.	-	157	(157)	-
Pace Creative Agency Co., Ltd.	-	553	(455)	98
Dean and Deluca (Thailand) Co., Ltd.	1,323	2,822	(2,937)	1,208
Fierce Publishing Co., Ltd.	-	856	(615)	241
Fourteen Points Company Limited	121	1,435	(890)	666
Total	1,444	5,823	(5,054)	2,213

## Separate Financial Statements (In Thousand Baht)

	Balance as at December 31, 2015	Increase	Decrease	Balance as at December 31, 2016
<b>Short-term loans from and accrued interest</b>				
YLP Company Limited				
- Principal	-	100,000	(100,000)	-
- Accrued interest	-	2,777	(2,777)	-
	-	102,777	(102,777)	-
Pace Creative Agency Co., Ltd.				
- Principal	-	299,000	(299,000)	-
- Accrued interest	-	1,038	(1,038)	-
	-	300,038	(300,038)	-
Pace Food Retail Co., Ltd.				
- Principal	-	199,000	(199,000)	-
- Accrued interest	-	691	(691)	-
	-	199,691	(199,691)	-
Total	-	602,506	(602,506)	-
<b>Advances and deposits received from customers</b>				
Khun Sumate Techakraisri (shareholder)	327	-	-	327
Khun Chumpol Techakraisri (shareholder)	327	-	-	327
Khun Theera Vayakornvichitre (director)	500	-	(500)	-
Khun Sorapoj Techakraisri (shareholder)	-	40,000	-	40,000
Dynasty Apparel Co., Ltd. (directorship)	327	-	-	327
MFT Development Co., Ltd. (directorship)	-	9,000	(9,000)	-
Total	1,481	49,000	(9,500)	40,981

**Short-term loans to subsidiaries**

Short-term loans to Pace Country Club Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in January to September 2017.

Short-term loans to Dean & DeLuca Inc. are unsecured loans. These loans bear interest at the rate of MLR+3% per annum and will be repayable in January to December 2017.

Short-term loans to Dean and Deluca (Thailand) Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in January to September 2017.

Short-term loans to Pace Food Retail Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in January to September 2017.

Short-term loans to Pace Interior Services Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in January to September 2017.

Short-term loans to Pace Creative Agency Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in June to September 2017.

### Long-term loans to subsidiaries

Long-term loan to Pace Food Retail Co., Ltd. is unsecured loan. This loan bears interest at the rate of MLR+3% per annum and will be repayable upon the lenders' written demand given at least 15 days in advance.

The Company entered into long-term loan agreements with the Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd. 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 23.
- These loans bear interest at the rate of 7.5% per annum.

### 5. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Cash on hand	4,506	4,542	129	79
Cash at banks - current accounts	2,582	6,307	1,357	3,853
Cash at banks - savings accounts	685,367	640,251	184,709	121,268
Total	692,455	651,100	186,195	125,200

### 6. SHORT-TERM INVESTMENTS

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2016	2015
Investments in open-end fixed income fund		
- Cost value	44,583	68,819
- Unrealized gain on revaluation	112	93
Fair value	44,695	68,912

### 7. TRADE AND UNBILLED TRADE ACCOUNT RECEIVABLES - OTHER COMPANIES - Net

The aging analyses of trade account receivables - other companies as at December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Trade account receivables				
Within credit term	25,554	24,407	-	-
Overdue				
- Not over 3 months	13,391	28,650	-	-
- Over 3 months to 6 months	2,197	2,923	-	-
- Over 6 months to 12 months	450	55	-	-
- Over 12 months	-	350	-	350
Total trade account receivable	41,592	56,385	-	350
Unbilled trade account receivables	1,739	7,523	-	-
Total	43,331	63,908	-	350
Less: Allowance for doubtful accounts	(191)	(542)	-	(350)
Net	43,140	63,366	-	-
Bad debts and doubtful debts during the year (reversal)	(351)	151	350	-

## 8. INVENTORIES - Net

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Inventories in real estate business	-	21,370	-	21,370
Inventories in interior service business	30,042	2,966	-	-
Inventories in retailer of premium gourmet and delicatessen				
- Cost	271,691	249,320	-	-
- Less: Allowance for decline in value of inventories	(5,725)	(5,382)	-	-
- Net	265,966	243,938	-	-
Total	296,008	268,274	-	21,370
Write-down of merchandises recognized as a part of cost of sales during the year	343	2,731	-	-

**Subsidiaries**

Details of inventories in retailer of premium gourmet and delicatessen business as at December 31, 2016 and 2015 are as follows:

	Consolidated Financial Statements (In Thousand Baht)	
	2016	2015
Merchandise inventories	252,443	234,024
Raw materials	4,096	3,017
Supplies	15,152	12,279
Total	271,691	249,320
Less: Allowance for decline in value of inventories	(5,725)	(5,382)
Net	265,966	243,938



## 9. INVESTMENTS IN SHARES OF SUBSIDIARIES - At Cost

As at December 31, 2016 and 2015, investments in shares of subsidiaries are as follows:

	Country of Registration	Type of Business	Paid-up Share Capital (In Million Baht)		Percentage of Ownership (%)		Separate Financial Statements (In Thousand Baht) Cost Method	
			2016	2015	2016	2015	2016	2015
YLP Company Limited	Thailand	Property development	170	170	100	100	170,000	170,000
Pace Country Club Co., Ltd.	Thailand	Property development and management	20	20	100	100	20,000	20,000
Pace Interior Services Co., Ltd.	Thailand	Interior services	20	20	100	100	20,000	20,000
Pace Creative Agency Co., Ltd.	Thailand	Designing, advertising and marketing communication	10	10	100	100	10,000	10,000
Pace Management Co., Ltd.	Thailand	Management services	1	-	99.97	-	1,000	-
Pace Food Retail Co., Ltd.	Thailand	Investment in equity shares of retailer of premium gourmet and delicatessen business	2,205.25	2,205.25	100	100	2,205,250	2,205,250
Pace Real Estate Co., Ltd.	Thailand	Investment in common shares	10.2	10.2	100	100	19,972	19,972
Pace Project One Co., Ltd.	Thailand	Hotel	200	200	50	50	195,569	195,569
Pace Project Two Co., Ltd.	Thailand	Luxury condominium	200	200	50	50	195,569	195,569
Pace Project Three Co., Ltd.	Thailand	Shopping centre	100	100	50	50	97,784	97,784
Total							2,935,144	2,934,144

All of the Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd., Pace Real Estate Co., Ltd., Pace Food Retail Co., Ltd. and Pace Country Club Co., Ltd.'s shares held by the Company are pledged as collateral for credit facilities of the Company and subsidiaries as discussed in Note 23.

In 2015, the Company has invested in 2 new subsidiaries which are:

- Pace Interior Services Co., Ltd. with the registered capital of Baht 1 million (common share 10,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on January 6, 2015.
- Pace Creative Agency Co., Ltd. with the registered capital of Baht 10 million (common share 100,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on November 18, 2015.

At the extraordinary shareholders' meeting of Pace Interior Services Co., Ltd. held on January 21, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 1 million (divided into 10,000 common shares at Baht 100 par value) to Baht 20 million (divided into 200,000 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on January 23, 2015.

On April 22, 2015, the Company additionally purchased 16% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 32.32% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Notes 2 and 4. In this regard, the Company recognized discount on increase in shareholding in these subsidiaries totalling Baht 1,064.0 million and presented under equity in the consolidated statement of financial position as at December 31, 2016 and 2015.

On April 29, 2015, the Company purchased 100% common shares in Dean and Deluca (Thailand) Co., Ltd. from Khun Sorapoj Teachakraisri as discussed in Note 2.

At the extraordinary shareholders' meeting of Dean and DeLuca (Thailand) Co., Ltd. held on May 21, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 100 million (divided into 1,000,000 common shares at Baht 100 par value) to Baht 261 million (divided into 2,610,000 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on June 3, 2015. Hence, the Company additionally invested in such subsidiary of Baht 161 million to maintain the same percentage of ownership in such subsidiary.

At the extraordinary shareholders' meeting of Pace Food Retail Co., Ltd. held on July 10, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 810.95 million (divided into 8,109,500 common shares at Baht 100 par value) to Baht 1,050.95 million (divided into 10,509,500 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on July 20, 2015. Hence, the Company additionally invested in such subsidiary of Baht 240 million to maintain the same percentage of ownership in such subsidiary by share swap with the investment in common shares of Dean and DeLuca (Thailand) Co., Ltd. of 2,610,000 shares at Baht 100 par value on July 10, 2015.

At the extraordinary shareholders' meeting of Pace Food Retail Co., Ltd. held on September 2, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 1,050.95 million (divided into 10,509,500 common shares at Baht 100 par value) to Baht 2,205.25 million (divided into 22,052,500 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on September 3, 2015. Hence, the Company additionally invested in such subsidiary of Baht 1,154.3 million to maintain the same percentage of ownership in such subsidiary.

At the extraordinary shareholders' meeting of Pace Country Club Co., Ltd. held on August 4, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 1 million (divided into 10,000 common shares at Baht 100 par value) to Baht 20 million (divided into 200,000 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on August 5, 2015.

At the extraordinary shareholders' meeting of YLP Company Limited held on November 24, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 50 million (divided into 500,000 common shares at Baht 100 par value) to Baht 170 million (divided into 1,700,000 common shares at Baht 100 par value). Such subsidiary registered the increase in authorized share capital with the Ministry of Commerce on November 26, 2015.

In 2016, the Company has invested in a new subsidiary namely Pace Management Co., Ltd. with the registered capital of Baht 1 million (common share 10,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on April 4, 2016.

#### 10. INVESTMENT IN SHARES OF JOINT VENTURE - At Equity Method

As at December 31, 2016, investment in shares of joint venture has detail as follows (2015: Nil):

	Country of Registration	Type of Business	Authorized	Paid-up	Percentage	Consolidated Financial	
			Share Capital	Share Capital	of	Statements	
			(In Million Yen)	(In Million Yen)	Ownership	(In Thousand Baht)	
					(%)	Cost Method	Equity Method
Dean & DeLuca Café Japan Co., Ltd.	Japan	Food and beverage	2,500	1,700	50	273,400	227,911

On March 24, 2016, Dean & DeLuca International, LLC entered into a Joint Venture Agreement with Dean & DeLuca Japan Co., Ltd. to form a joint venture namely Dean & DeLuca Café Japan Co., Ltd. Dean & DeLuca International, LLC has total investment of JPY 675 million, which paid by a part of the total consideration for the perpetual Trademark License to Dean & DeLuca Japan Co., Ltd. and Dean & DeLuca Café Japan Co., Ltd. as discussed in Note 4.

At the extraordinary shareholders' meeting of Dean & DeLuca Café Japan Co., Ltd. held on October 13, 2016, the shareholders of such joint venture approve the call for paid-up share capital from JPY 1,350 million (divided into 27,000 common shares at JPY 50,000 par value) to JPY 1,700 million (divided into 34,000 common shares at JPY 50,000 par value). Hence, the Company additionally invested in such joint venture of JPY 175 million to maintain the same percentage of ownership in such joint venture.

The movements of investment in shares of joint venture during the year ended December 31, 2016 accounted for using the equity method was as follows:

	Consolidated Financial Statements (In Thousand Baht)
Balance as at January 1, 2016	-
Increase in investment	273,400
Unearned royalty income	(31,109)
Share of net loss of investment - at equity method	(3,333)
Currency translation differences	(11,047)
<b>Balance as at December 31, 2016</b>	<b>227,911</b>

# 11. REAL ESTATE PROJECTS FOR SALES UNDER DEVELOPMENT

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2015	5,565,472	440,240
Additions	4,460,907	2,179,477
Borrowing costs capitalized during the year	349,232	99,210
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	45,070	10,521
Transfer from advance for land	211,000	211,000
Transfer to land (Note 12)	(10,217)	(10,217)
Transfer from construction in progress (Note 13)	6,673	6,673
<b>Balance as at December 31, 2015</b>	<b>10,628,137</b>	<b>2,936,904</b>
Additions	3,717,417	2,157,607
Borrowing costs capitalized during the year	465,841	152,090
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	25,553	10,790
Transfer from leasehold improvements, sale gallery and equipment (Note 15)	44,541	-
Recognition as cost of sales during the year	(974,983)	-
Write-down of real estate project for sales under development during the year	(33,100)	-
<b>Balance as at December 31, 2016</b>	<b>13,873,406</b>	<b>5,257,391</b>
<b>Balance as at December 31, 2015</b>		
Current	8,262,492	964,817
Non-current	2,365,645	1,972,087
<b>Total</b>	<b>10,628,137</b>	<b>2,936,904</b>
<b>Balance as at December 31, 2016</b>		
Current	10,553,946	2,424,584
Non-current	3,319,460	2,832,807
<b>Total</b>	<b>13,873,406</b>	<b>5,257,391</b>

## The Company

On July 14, 2016, the Company entered into the Sale and Purchase Agreements of Real Estate Property with Bell Investments Limited and Asension Trading Limited to purchase land at Niseko, Hokkaido, Japan with the purchase values totalling Baht 529.05 million. The payments were made by the allocation of newly issued 176,350,000 common shares under Private Placement Scheme at the price of Baht 3.00 per share as discussed in Note 27. The ownerships of such land were transferred to the Company on July 25, 2016. Such land was appraised by an independent professional valuer as per report dated May 9, 2016 by using market comparison approach with the appraised value of Baht 552.0 million.

The borrowing costs were capitalized as part of the cost of real estate projects for sales under development amounting to Baht 152.1 million in 2016 and Baht 99.2 million in 2015 at the weighted average capitalization rate of the 6.12% per annum and 6.5% per annum, respectively.

As at December 31, 2016 and 2015, land and construction on land for real estate project, which have carrying values totalling Baht 4,709.1 million and Baht 2,936.9 million, respectively, were pledged as collateral for long-term loans from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 23.

## Subsidiaries

The borrowing costs were capitalized as part of the cost of real estate projects for sales under development of YLP Company Limited amounting to Baht 14.7 million in 2016 and Baht 1.8 million in 2015 at the weighted average capitalization rate of the 5.57% per annum and 5.75% per annum, respectively.

The borrowing costs were capitalized as part of the cost of real estate projects for sales under development of Pace Project Two Co., Ltd. amounting to Baht 299.0 million in 2016 and Baht 248.2 million in 2015 at the weighted average capitalization rate of the 6.42% per annum and 6.5% per annum, respectively.

As at December 31, 2016 and 2015, land and construction on land for real estate project of 2 subsidiaries, which have carrying values totalling Baht 8,616.0 million and Baht 7,691.2 million, respectively, were pledged as collateral for credit facilities from financial institutions of the Company and certain subsidiaries as discussed in Note 23.

## 12. LAND

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2015	1,493,170	271,024
Disposals	-	(4,999)
Transfer real estate projects for sales under development to land (Note 11)	10,217	10,217
<b>Balance as at December 31, 2015 and 2016</b>	<b>1,503,387</b>	<b>276,242</b>

## The Company

As at December 31, 2016 and 2015, land of the Company which have carrying value totalling Baht 276.2 million and Baht 271.0 million, respectively, was pledged as collateral for long-term loans from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 23.

## Subsidiaries

As at December 31, 2016 and 2015, Land of subsidiaries which have carrying value totalling Baht 1,227.1 million and Baht 1,221.1 million, respectively, was pledged as collateral for credit facilities from financial institutions as discussed in Note 23.

### 13. CONSTRUCTION IN PROGRESS

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2015	1,959,775	356,379
Additions	1,134,962	35,443
Borrowing costs capitalized during the year	103,947	14,521
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	7,606	499
Transfer to real estate projects for sales under development (Note 11)	(6,673)	(6,673)
Transfer to property for lease (Note 16)	(38,186)	-
Transfer to right to use assets (Note 14)	(8,816)	-
Disposals	-	(1,808)
<b>Balance as at December 31, 2015</b>	<b>3,152,615</b>	<b>398,361</b>
Additions	1,191,375	196
Borrowing costs capitalized during the year	157,249	-
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	6,036	-
Transfers to leasehold improvements, sale gallery and equipment (Note 15)	(591,368)	-
<b>Balance as at December 31, 2016</b>	<b>3,915,907</b>	<b>398,557</b>

#### The Company

The borrowing costs were capitalized as part of the cost of construction in progress amounting to Baht 14.5 million in 2015 at the weighted average capitalization rate of the 6.5% per annum (2016: Nil).

Construction in progress of the Company was pledged as collateral for long-term loans from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 23.

#### Subsidiaries

The borrowing costs were capitalized as part of the cost of construction in progress of Pace Country Club Co., Ltd. amounting to Baht 7.4 million in 2016 and Baht 8.2 million in 2015 at the weighted average capitalization rate of the 6.72% per annum and 7.5% per annum, respectively.

The borrowing costs were capitalized as a part of the cost of construction in progress of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. amounting to Baht 149.8 million in 2016 and Baht 81.2 million in 2015 at the weighted average capitalization rate of the 6.37% per annum and 6.5% per annum, respectively.

Construction in progress of subsidiaries was pledged as collateral for credit facilities from financial institutions as discussed in Note 23.



## 14. RIGHT TO USE ASSETS - Net

	Consolidated Financial Statements (In Thousand Baht)
<b>Cost</b>	
Balance as at January 1, 2015	-
Additions	27,729
Transfer from construction in progress (Note 13)	8,816
<b>Balance as at December 31, 2015</b>	36,545
Additions	15,613
<b>Balance as at December 31, 2016</b>	52,158
<b>Accumulated Amortization</b>	
Balance as at January 1, 2015	-
Amortization during the year	765
<b>Balance as at December 31, 2015</b>	765
Amortization during the year	5,134
<b>Balance as at December 31, 2016</b>	5,899
<b>Net book value</b>	
<b>As at December 31, 2015</b>	35,780
<b>As at December 31, 2016</b>	46,259

On August 18, 2014, Pace Project Three Co., Ltd., a subsidiary, had entered into the linkbridge agreement for the right to connect and use the linkbridge commuting path with Bangkok Mass Transit System Public Company Limited expiring on December 4, 2029 or the expiration date of concession that Bangkok Mass Transit System Public Company Limited derived from the Bangkok Metropolitan Administration. In consideration thereof, such subsidiary has to pay the fee (excluding value added tax) totalling Baht 54.5 million. The subsidiary has made the payment of Baht 20 million on March 31, 2015 and the remaining of Baht 34.5 million will be paid on 46 monthly equal installment amount of Baht 0.75 million per month. The right of linkbridge structures will be transferred to Bangkok Metropolitan Administration, hence, the Pace Development Corporation Group presented such cost of structures as a part of "Right to use assets" in the consolidated statement of financial position.

## 15. LEASEHOLD IMPROVEMENT, SALES GALLERY AND EQUIPMENT - Net

## Consolidated Financial Statements (In Thousand Baht)

	Sales gallery	Crystal lagoon	Leasehold improvements	Furniture, fixtures and equipment	Media equipment	Vehicles	Assets under installation	Total
<b>Cost</b>								
Balance as at January 1, 2015	262,970	-	178,304	108,953	1,477	21,978	55,052	628,734
Additions	293	-	62,695	93,364	2,489	9,609	37,718	206,168
Disposals and write-off	-	-	(1,024)	(2,673)	-	-	(7,900)	(11,597)
Transfers	-	-	46,753	4,631	-	-	(51,384)	-
Currency translation differences	-	-	11,197	6,699	-	121	2,480	20,497
<b>Balance as at December 31, 2015</b>	<b>263,263</b>	<b>-</b>	<b>297,925</b>	<b>210,974</b>	<b>3,966</b>	<b>31,708</b>	<b>35,966</b>	<b>843,802</b>
Additions	-	1,481	79,672	109,079	1,517	11,267	511,397	714,413
Disposals and write-off	(218,722)	-	(48,128)	(1,651)	(125)	(2,953)	(5,550)	(277,129)
Transfers	(44,541)	520,457	-	233	70,911	1,177	(1,410)	546,827
Currency translation differences	-	-	(814)	76	-	(12)	6,696	5,946
<b>Balance as at December 31, 2016</b>	<b>-</b>	<b>521,938</b>	<b>328,655</b>	<b>318,711</b>	<b>76,269</b>	<b>41,187</b>	<b>547,099</b>	<b>1,833,859</b>
<b>Accumulated Depreciation</b>								
Balance as at January 1, 2015	136,451	-	11,300	23,992	16	6,630	-	178,389
Depreciation charge for the year	78,390	-	68,939	35,242	644	4,838	-	188,053
Disposals and write-off	-	-	(98)	(2,398)	-	-	-	(2,496)
Currency translation differences	-	-	1,491	1,132	-	16	-	2,639
<b>Balance as at December 31, 2015</b>	<b>214,841</b>	<b>-</b>	<b>81,632</b>	<b>57,968</b>	<b>660</b>	<b>11,484</b>	<b>-</b>	<b>366,585</b>
Depreciation charge for the year	3,160	12,736	55,152	54,005	7,269	7,564	-	139,886
Disposals and write-off	(218,001)	-	(41,466)	(781)	(2)	(2,571)	-	(262,821)
Currency translation differences	-	-	277	334	-	3	-	614
<b>Balance as at December 31, 2016</b>	<b>-</b>	<b>12,736</b>	<b>95,595</b>	<b>111,526</b>	<b>7,927</b>	<b>16,480</b>	<b>-</b>	<b>244,264</b>
<b>Net Book Value</b>								
Owned assets	48,422	-	216,293	152,742	3,306	3,389	35,966	460,118
Assets under finance leases	-	-	-	264	-	16,835	-	17,099
<b>As at December 31, 2015</b>	<b>48,422</b>	<b>-</b>	<b>216,293</b>	<b>153,006</b>	<b>3,306</b>	<b>20,224</b>	<b>35,966</b>	<b>477,217</b>
Owned assets	-	509,202	233,060	207,122	68,342	10,180	547,099	1,575,005
Assets under finance leases	-	-	-	63	-	14,527	-	14,590
<b>As at December 31, 2016</b>	<b>-</b>	<b>509,202</b>	<b>233,060</b>	<b>207,185</b>	<b>68,342</b>	<b>24,707</b>	<b>547,099</b>	<b>1,589,595</b>

Separate Financial Statements (In Thousand Baht)					
	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Assets under installation	Total
<b>Cost</b>					
Balance as at January 1, 2015	12,026	14,391	14,976	32,714	74,107
Additions	140	6,381	5,149	22,302	33,972
Transfers	46,753	4,484	-	(51,237)	-
Disposals and write-off	-	(151)	-	-	(151)
<b>Balance as at December 31, 2015</b>	<b>58,919</b>	<b>25,105</b>	<b>20,125</b>	<b>3,779</b>	<b>107,928</b>
Additions	4,580	5,267	3,500	34,020	47,367
Disposals and write-off	(40,147)	(97)	(2,953)	(3,779)	(46,976)
<b>Balance as at December 31, 2016</b>	<b>23,352</b>	<b>30,275</b>	<b>20,672</b>	<b>34,020</b>	<b>108,319</b>
<b>Accumulated Depreciation</b>					
Balance as at January 1, 2015	3,946	5,037	3,943	-	12,926
Depreciation charge for the year	37,749	4,123	3,133	-	45,005
Disposals and write-off	-	(35)	-	-	(35)
<b>Balance as at December 31, 2015</b>	<b>41,695</b>	<b>9,125</b>	<b>7,076</b>	<b>-</b>	<b>57,896</b>
Depreciation charge for the year	9,802	5,525	3,787	-	19,114
Disposals and write-off	(40,147)	(89)	(2,571)	-	(42,807)
<b>Balance as at December 31, 2016</b>	<b>11,350</b>	<b>14,561</b>	<b>8,292</b>	<b>-</b>	<b>34,203</b>
<b>Net Book Value</b>					
Owned assets	17,224	15,716	-	3,779	36,719
Assets under finance leases	-	264	13,049	-	13,313
<b>As at December 31, 2015</b>	<b>17,224</b>	<b>15,980</b>	<b>13,049</b>	<b>3,779</b>	<b>50,032</b>
Owned assets	12,002	15,651	70	34,020	61,743
Assets under finance leases	-	63	12,310	-	12,373
<b>As at December 31, 2016</b>	<b>12,002</b>	<b>15,714</b>	<b>12,380</b>	<b>34,020</b>	<b>74,116</b>

The gross carrying amounts of the Company's certain equipment totalling approximately Baht 10.6 million and Baht 0.2 million were fully depreciated as at December 31, 2016 and 2015, respectively (of the Pace Development Corporation Group approximately Baht 44.0 million and Baht 13.0 million, respectively), but these items are still in active use.

## 16. PROPERTIES FOR LEASE - Net

	Consolidated Financial Statements (In Thousand Baht)				
	Land	Building and building improvement - cube building	Mechanical, electrical and plumbing, lifts and escalator works, and car park system	Interior decoration and landscape	Total
<b>Cost</b>					
Balance as at January 1, 2015	293,482	411,579	262,529	75,131	1,042,721
Transfers from construction in progress (Note 13)	-	7,270	21,486	9,430	38,186
<b>Balance as at December 31, 2015</b>	293,482	418,849	284,015	84,561	1,080,907
Additions	-	312	1,127	4,963	6,402
<b>Balance as at December 31, 2016</b>	293,482	419,161	285,142	89,524	1,087,309
<b>Accumulated Depreciation</b>					
Balance as at January 1, 2015	-	6,272	8,990	10,541	25,803
Depreciation charge for the year	-	8,436	13,894	15,623	37,953
<b>Balance as at December 31, 2015</b>	-	14,708	22,884	26,164	63,756
Depreciation charge for the year	-	8,444	14,397	16,500	39,341
<b>Balance as at December 31, 2016</b>	-	23,152	37,281	42,664	103,097
<b>Net Book Value</b>					
<b>As at December 31, 2015</b>	<u>293,482</u>	<u>404,141</u>	<u>261,131</u>	<u>58,397</u>	<u>1,017,151</u>
<b>As at December 31, 2016</b>	<u>293,482</u>	<u>396,009</u>	<u>247,861</u>	<u>46,860</u>	<u>984,212</u>

Such properties for lease are pledged as collateral for credit facilities from financial institutions as discussed in Note 23.

As at December 31, 2016 and 2015, properties for lease were appraised by an independent professional valuer as per report dated January 31, 2017 and November 18, 2015, respectively, by using income approach. The appraised value was Baht 1,342.7 million and Baht 1,117.9 million, respectively.

## 17. INTANGIBLE ASSETS - Net

## Consolidated Financial Statements (In Thousand Baht)

	Trademark and trade name	Non- competition agreements	Franchise agreements	Customer relationships	Computer softwares	Computer software under installation	Total
<b>Cost</b>							
Balance as at January 1, 2015	1,740,098	3,520	608,916	95,647	11,913	-	2,460,094
Additions	-	-	-	-	42,446	1,892	44,338
Write-off	-	-	-	-	(1,602)	-	(1,602)
Currency translation differences	169,169	342	57,953	9,299	2,276	-	239,039
<b>Balance as at December 31, 2015</b>	<b>1,909,267</b>	<b>3,862</b>	<b>666,869</b>	<b>104,946</b>	<b>55,033</b>	<b>1,892</b>	<b>2,741,869</b>
Additions	-	-	4,000	-	21,587	-	25,587
Write-off	-	-	-	-	(3,716)	-	(3,716)
Transfer	-	-	-	-	1,892	(1,892)	-
Currency translation differences	(13,644)	(28)	(4,674)	(750)	(67)	-	(19,163)
<b>Balance as at December 31, 2016</b>	<b>1,895,623</b>	<b>3,834</b>	<b>666,195</b>	<b>104,196</b>	<b>74,729</b>	<b>-</b>	<b>2,744,577</b>
<b>Accumulated Amortization</b>							
Balance as at January 1, 2015	-	73	8,155	1,992	2,441	-	12,661
Amortization charge for the year	-	917	98,642	24,918	6,076	-	130,553
Write-off	-	-	-	-	(1,134)	-	(1,134)
Currency translation differences	-	56	5,800	1,512	169	-	7,537
<b>Balance as at December 31, 2015</b>	<b>-</b>	<b>1,046</b>	<b>112,597</b>	<b>28,422</b>	<b>7,552</b>	<b>-</b>	<b>149,617</b>
Amortization charge for the year	-	944	101,059	25,659	20,063	-	147,725
Write-off	-	-	-	-	(700)	-	(700)
Currency translation differences	-	7	720	188	233	-	1,148
<b>Balance as at December 31, 2016</b>	<b>-</b>	<b>1,997</b>	<b>214,376</b>	<b>54,269</b>	<b>27,148</b>	<b>-</b>	<b>297,790</b>
<b>Allowance for impairment loss</b>							
Balance as at January 1, 2015	-	-	-	-	-	-	-
and December 31, 2015	-	-	-	-	-	-	-
Impairment loss during the year	-	-	154,609	-	-	-	154,609
<b>Balance as at December 31, 2016</b>	<b>-</b>	<b>-</b>	<b>154,609</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154,609</b>
<b>Net Book Value</b>							
<b>As at December 31, 2015</b>	<b>1,909,267</b>	<b>2,816</b>	<b>554,272</b>	<b>76,524</b>	<b>47,481</b>	<b>1,892</b>	<b>2,592,252</b>
<b>As at December 31, 2016</b>	<b>1,895,623</b>	<b>1,837</b>	<b>297,210</b>	<b>49,927</b>	<b>47,581</b>	<b>-</b>	<b>2,292,178</b>



	Separate Financial Statements (In Thousand Baht)		
	Computer software	Computer software under installation	Total
<b>Cost</b>			
Balance as at January 1, 2015	2,481	-	2,481
Additions	1,070	1,492	2,562
<b>Balance as at December 31, 2015</b>	<b>3,551</b>	<b>1,492</b>	<b>5,043</b>
Additions	3,570	-	3,570
Transfers	1,492	(1,492)	-
<b>Balance as at December 31, 2016</b>	<b>8,613</b>	<b>-</b>	<b>8,613</b>
<b>Accumulated Amortization</b>			
Balance as at January 1, 2015	695	-	695
Amortization charge for the year	699	-	699
<b>Balance as at December 31, 2015</b>	<b>1,394</b>	<b>-</b>	<b>1,394</b>
Amortization charge for the year	1,651	-	1,651
<b>Balance as at December 31, 2016</b>	<b>3,045</b>	<b>-</b>	<b>3,045</b>
<b>Net Book Value</b>			
<b>As at December 31, 2015</b>	<b>2,157</b>	<b>1,492</b>	<b>3,649</b>
<b>As at December 31, 2016</b>	<b>5,568</b>	<b>-</b>	<b>5,568</b>

The gross carrying amounts of the Pace Development Corporation Group's certain intangible assets totalling approximately Baht 7.3 million were fully amortized as at December 31, 2016, but these items are still in active use (2015: Nil).

#### 18. GOODWILL - Net

	Consolidated Financial Statements (In Thousand Baht)	
	2016	2015
Beginning net book value as at January 1	3,717,293	3,435,182
Currency translation differences	(23,020)	285,406
Additionally provided allowance for impairment loss during the year	(28,852)	(3,295)
Beginning net book value as at December 31	<u>3,665,421</u>	<u>3,717,293</u>

Goodwill derived from arose from business combination by acquisition method of food and beverage business and MahaNakhon Project.

# 19. DEFERRED INCOME TAX ASSETS (LIABILITY) - Net

Income tax income (expense) for each of the years ended December 31, 2016 and 2015 consisted of:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Income tax expense - current tax	(12,278)	(7,880)	-	-
Tax effects from deferred income tax of temporary differences				
- Recognize revenue from sale of residential condominium units	(11,473)	117,780	(2,005)	-
- Loss carry forward	118,239	21,431	66,917	83,947
- Depreciation	(9,553)	16,166	598	488
- Capitalize interest expense as part of land	(56,399)	5,539	1,364	1,381
- Deferred debenture underwriting fee	(290)	76	(290)	76
- Intangible assets - net	37,784	33,310	-	-
- Others	14,910	2,448	1,431	2,357
Income tax income	80,940	188,870	68,015	88,249

Reconciliations between income tax income and accounting loss multiplied by the applicable tax rate for each of the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Accounting loss before tax	(2,407,337)	(2,057,462)	(310,984)	(452,736)
Income tax rates at 20% for Thai companies and 41.1% in 2016 (2015: 41.0%) for USA companies	720,603	535,637	62,197	90,547
Tax effects from permanent differences				
- Non-deductible expenses	(51,190)	(39,658)	(2,823)	(3,531)
- Write-off deferred income tax assets on expiration of tax loss carry forward	-	(5,065)	-	-
- Expenses relating to increase in share capital	8,641	1,233	8,641	1,233
- Recognition of previously unrecognized tax loss carry forward	19,520	1,380	-	-
- Unrecognition of tax loss carry forward	(505,210)	(259,735)	-	-
- Reversal accrued interest to other reserve (Note 4)	(92,501)	-	-	-
Others	(18,923)	(44,922)	-	-
Income tax income	80,940	188,870	68,015	88,249

The details of deferred income tax assets (liability) - net as at December 31, 2016 and 2015 are as follows:

	Consolidated Financial Statements (In Thousand Baht)				
	Credited / (Charged) to				
	December 31, 2015	Loss for the year	Other comprehensive income for the year	Currency translation differences	December 31, 2016
<b>Deferred income tax assets - net</b>					
Recognize revenue from sale of residential condominium units	121,215	(11,473)	-	-	109,742
Loss carry forward	192,256	118,239	-	-	310,495
Depreciation	44,064	(9,553)	-	-	34,511
Capitalize expenses and interest as part of land	152,298	(56,399)	-	-	95,899
Deferred debenture underwriting fee	(5,456)	(290)	-	-	(5,746)
Others	4,232	14,910	-	-	19,142
Net	508,609	55,434	-	-	564,043

	Consolidated Financial Statements (In Thousand Baht)				
	Charged / (Credited) to				
	December 31, 2015	Loss for the year	Other comprehensive income for the year	Currency translation differences	December 31, 2016
<b>Deferred income tax liability</b>					
Intangible assets - net	734,812	(37,784)	-	(5,827)	691,201

Separate Financial Statements (In Thousand Baht)				
Credited / (Charged) to				
	December 31, 2015	Loss for the year	Other comprehensive income for the year	December 31, 2016
<b>Deferred income tax assets - net</b>				
Recognize revenue from sale of residential condominium units	2,005	(2,005)	-	-
Loss carry forward	100,183	66,917	-	167,100
Depreciation	1,095	598	-	1,693
Capitalize interest expense as part of land	5,927	1,364	-	7,291
Deferred debenture underwriting fee	(5,456)	(290)	-	(5,746)
Others	3,958	1,431	-	5,389
Net	<u>107,712</u>	<u>68,015</u>	<u>-</u>	<u>175,727</u>

#### Unrecognized Deferred Income Tax Assets

As at December 31, 2016 and 2015, the Pace Development Corporation Group did not recognize deferred income tax assets from loss carry forward and certain temporary differences totalling Baht 1,021.5 million and Baht 688.1 million, respectively, since it is not probable that future taxable profit will be available against which such subsidiaries can utilize the benefit therefore.

## 20. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

		In Thousand Baht				
Interest rate (% p.a.)		Consolidated Financial Statements		Separate Financial Statements		
2016	2015	2016	2015	2016	2015	
Bank overdrafts	7.12 - 7.375 (MOR)	6.25 - 7.5 (Prime+3, MOR)	21,869	49,138	-	-
Short-term loans						
- In Thai Baht	5.5 (MLR-0.75)	5.75 (MLR-0.75)	769,500	269,560	500,000	-
- In U.S. Dollars	0.8556 (LIBOR+0.25)	2.17 (LIBOR+1.5)	358,307	186,195	-	-
Total			1,127,807	455,755	500,000	-
Less: Deferred loan arrangement fee			(8,652)	(1,179)	-	-
Net			1,119,155	454,576	500,000	-
Grand Total			1,141,024	503,714	500,000	-

### The Company

As at December 31, 2016 and 2015, the Company had an overdraft line amounting to Baht 30 million. Such credit facility is guaranteed as discussed in Note 23.

On November 25, 2015, the financial institution has extend the repayment period of short-term loans amounting to Baht 235 million and Baht 911.6 million to be repayable on the final maturity date which is the earlier of the date falling 6 months after the project completion date and December 30, 2019. Hence, the Company presented such loans as a part of long-term loans from financial institutions in Note 23.

As at December 31, 2016, short-term loan from a local financial institution of Baht 500 million is unsecured loan and repayable on January 6, 2017 (2015: Nil).

### Subsidiaries

On March 17, 2015, Dean & DeLuca, Inc. entered into the credit facilities agreement to obtain short-term credit facilities totalling U.S. Dollars 10 million from a financial institution in the United States of America using for working capital. Such credit facilities have interest rate as indicated in the agreement and are guaranteed by a standby letter issued by a financial institution in Thailand of credit of U.S. Dollars 10 million with the due date of credit line on January 31, 2016. As at December 31, 2015, this subsidiary withdrew short-term loans dominated in U.S. Dollars amounting to U.S. Dollars 5.16 million. Subsequently on January 25, 2016, such subsidiary entered into the first amended and restated credit facilities agreement to extend the due date to be June 2, 2016.

On May 31, 2016, Dean & DeLuca, Inc. entered into the credit facilities agreement to obtain short-term credit facilities totalling U.S. Dollars 10 million from another financial institution in the United States of America using for working capital as a replacement of above credit facilities. Such credit facilities bear interest at the rate as indicated in the agreement with the due date on June 2, 2017 and are guaranteed by a standby letter issued by a financial institution in Thailand of credit of U.S. Dollars 10 million as discussed in Note 23.

As at December 31, 2016 and 2015, short-term loans of YLP Company Limited amounting to Baht 269.5 million and Baht 269.6 million, respectively, are guaranteed by collaterals as discussed in Note 23.

As at December 31, 2016 and 2015, the subsidiaries have overdraft lines amounting to Baht 90 million. Such credit facilities of subsidiaries are guaranteed by collaterals as discussed in Note 23.

## 21. SHORT-TERM LOANS

	In Thousand Baht					
	Interest rate (% p.a.)		Consolidated		Separate	
	2016	2015	Financial Statements	Financial Statements	2016	2015
Short-term loans	5.5 - 7.75	5.0 - 7.75	4,507,000	2,787,000	4,407,000	2,787,000
Less : Prepaid interest expense			(61,914)	(59,660)	(60,674)	(59,660)
Less : Deferred loan arrangement fee			(105)	(317)	(105)	(317)
Net			<u>4,444,981</u>	<u>2,727,023</u>	<u>4,346,221</u>	<u>2,727,023</u>

### The Company

As at December 31, 2016, the above loans are unsecured bills of exchange and repayable during January to August 2017 (2015: January to September 2016).

### Subsidiary

As at December 31, 2016, the above loan is secured bill of exchange and repayable in March 2017 (2015: Nil).

## 22. ADVANCES AND DEPOSITS RECEIVED FROM CUSTOMERS

Advances received from customers of the Company represent sport club member fees and fees for reservation of the condominium unit of Nimit Luangsuan Project and villa of MahaSamutr Project.

Advances received from customers of Pace Country Club Co., Ltd. represent advance received from customers for sport club member fees of MahaSamutr Project.

Advances and deposits received from customers of Pace Project Two Co., Ltd. represent fees for reservation of the units in the project of such subsidiary whereby the customers may have rights to cancel or terminate such reservations. Such subsidiary 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 and/or Agreement to Sell and Purchase of Condominium Unit.

Deposits received from customers of Pace Project Three Co., Ltd. represent deposits for rental and services.

### 23. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - Net

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Loans from financial institutions				
- In Thai Baht	8,972,981	6,482,183	3,288,704	1,146,600
- In U.S. Dollars	2,866,456	2,887,088	-	-
Total	11,839,437	9,369,271	3,288,704	1,146,600
Less : Deferred loan arrangement fee	(90,567)	(53,693)	(40,167)	(2,676)
	11,748,870	9,315,578	3,248,537	1,143,924
Less : Portion due within one year	(9,235,365)	(8,171,654)	(1,120,277)	-
Net	2,513,505	1,143,924	2,128,260	1,143,924

#### The Company

On November 25, 2015, the Company entered into the credit facilities agreements to obtain credit facilities totalling Baht 4,738.3 million (including refinancing of loans for purchase of land amounting to Baht 1,146.6 million as discussed in Note 20) from a local financial institution for new development projects. On November 14, 2016, such credit facilities were increased to be totalling Baht 4,748.3 million. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht)	Interest rate
		Amount	
A	Term loan facilities for land cost	1,146.6	MLR minus 0.5% p.a.
B1	Term loan facilities for construction costs	3,526.7	MLR minus 0.5% p.a.
B2	Letter of guarantee, letter of credit, trust receipt and aval (the aggregate of credit facility B1 and B2 shall not exceed Baht 3,526.7 million)	600	Indicated in each agreement
C	Bank overdrafts	30	MOR p.a.
D	Letter of guarantee	45	Indicated in each agreement

Such long-term loans will be repayable on the final maturity date which is the earlier of the date falling 12 months after the project completion date and December 30, 2019.

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land, and real estate project for sales under development of the Company as discussed in Notes 11, 12 and 13,
- mortgage of land and building located or will be constructed on land of Pace Country Club Co., Ltd. as discussed in Notes 12 and 13,
- conditional assignment on main construction contracts and project accounts,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- pledge of Interest Reserve Account of the Company,
- a director of the Company is the sponsor to provide the necessary financial supports in any events of cost overrun and cash deficiency of the Company.

The credit facilities for Dean Group are as follows:

On June 16, 2016, the Company has entered into another credit facility agreement with a local financial institution to obtain credit facility for funding, investing and operating expenditure of Dean Group of Baht 1,100 million. Such long-term loans will be repayable on December 31, 2017 and bear interest at MLR per annum.



Credit facilities are collateralized by the following:

- mortgage of land for real estate project for sales under development, land and offsite parking land of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. as discussed in Notes 11, 12 and 16,
- the building located or will be constructed on land of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. as discussed in Notes 11, 13 and 16,
- conditional assignment on Managed Services Agreement, construction contracts, management agreement and other agreements with Marriott International Group, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit, and Retail Shop Lease Agreement with the customers of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd.,
- all of the Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd.'s shares held by the shareholders as discussed in Note 9,
- assignment of rights and obligations under the insurances of the project,
- jointly guarantee by Dean & DeLuca, Inc., Dean & DeLuca New York, Inc., Dean & DeLuca Atlanta, LLC, Dean & DeLuca Markets, LLC, Dean & DeLuca Brands, Inc., Dean & DeLuca International, LLC and Dean & DeLuca Small Format, LLC,
- guarantee by a director of the Company.

The Company and subsidiaries are committed to comply with certain conditions as indicated in the credit facilities agreements.

#### YLP Company Limited

On October 29, 2015, YLP Company Limited (subsidiary) has entered into credit facility agreements with a local financial institution for the credit facilities totalling Baht 1,100 million for the new development project. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht) Amount	Interest rate	Final maturity date
A	Term loan facilities for land cost	270	MLR minus 0.5% p.a.	October 29, 2019
B	Short-term loan facilities - Promissory for land cost (the aggregate of credit facility A and B shall not exceed Baht 270 million)	270	MLR minus 0.75% p.a.	October 29, 2019
C	Term loan facilities for construction costs and additional construction costs	820	MLR minus 0.5% p.a.	October 29, 2019
D	Letter of guarantee and aval (the aggregate of credit facility C and D shall not exceed Baht 820 million)	30	Indicated in each agreement	Renewal every 1 year ending October 29, 2019
E	Bank overdrafts	10	MOR p.a.	August 29, 2019

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land of the developing the real estate project of subsidiary as discussed in Note 11,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- guarantee by a director of the Company and a related person,
- the Company is the sponsor to provide the necessary financial supports in any events of cash deficiency of subsidiary.

The subsidiary is committed to comply with certain conditions as indicated in the credit facilities agreement such as maintaining of financial ratio, maintaining all of cash at banks - savings accounts at every time not lower than Baht 30 million until the project completion and others.

**Pace Country Club Co., Ltd.**

On November 25, 2015, Pace Country Club Co., Ltd. (subsidiary) entered into the credit facilities agreement to obtain credit facilities totalling Baht 1,248.9 million from a local financial institution for development of sport club project. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht) Amount	Interest rate	Repayment term
A1	Term loan facilities for hard construction costs	1,208.9	MLR minus 0.5% p.a.	Quarterly installment at the vary rate as specified in the agreement starting from the date of project completion ending September 30, 2022 (as amendment agreement dated June 13, 2016)
A2	Letter of guarantee, letter of credit, trust receipt and aval (the aggregate of credit facility A1 and A2 shall not exceed Baht 1,208.9 million)	200	MLR minus 0.5% p.a.	
B	Bank overdrafts	20	MOR p.a.	
C	Letter of guarantee	20	Indicated in each agreement	

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land, and real estate project for sales under development of the Company as discussed in Notes 11, 12 and 13,
- mortgage of land and building located or will be constructed on land of such subsidiary as discussed in Notes 12 and 13,
- conditional assignment on main construction contracts and project accounts
- all of the Pace Country Club Co., Ltd.'s shares held by the shareholders as discussed in Note 9,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- pledge of Interest Reserve Account of the subsidiary,
- guarantee by the Company,
- the Company is the sponsor to provide the necessary financial supports in any events of cost overrun and cash deficiency of subsidiary.

The subsidiary is committed to comply with certain conditions as indicated in the facilities agreement.

**Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd.**

On March 9, 2012, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (“the subsidiaries”) 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 amended and restated credit facilities agreement with 2 financial institutions with the significant matter of increase in credit facilities from Baht 5,400 million to Baht 5,750 million. On February 6, 2014, such subsidiaries entered into the second amended and restated credit facilities agreement with the significant matter of increase in credit facilities from Baht 5,750 million to Baht 6,550 million. On December 24, 2015, such subsidiaries entered into the third amendment of credit facilities agreement to reduce the credit facilities from Baht 6,550 million to Baht 6,540 million.

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.

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 for purchase of land amounting to Baht 532 million.

The credit facilities of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. for MahaNakhon Project are as follows:

Credit facility	Purpose	(In Million Baht) Amount	Interest rate
A	Hard construction and development costs	5,360	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)	1,000	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.
G	Aval and term loan facilities for land cost	532	MLR minus 0.25% p.a.

Such long-term loans will be repayable on the final maturity date which is the earlier of the date falling 6 months after the project completion date and December 30, 2016 or such subsidiaries have the proceeds from the issuance and/or offering of a Real Estate Investment Trust. Subsequently on June 23, 2016, such financial institution has extended the final maturity date to be September 30, 2017.

On November 25, 2015, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd., have entered into another credit facilities agreement and amendment agreement with a local financial institutions to obtain credit facilities of Baht 1,409 million for development of The Edition Hotel project. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht) Amount	Interest rate	Repayment term
A	Hard and equipment costs to complete hotel project	950	MLR minus 0.25% p.a.	Quarterly installment equally of 12.5% of loan starting from March 30, 2022 ending December 30, 2023
B	Hard and equipment costs to complete hotel project	424	MLR minus 0.25% p.a.	Quarterly installment at the vary rate as specified in the agreement starting from March 30, 2017 ending December 30, 2023
C	Letter of guarantee, letter of credit, trust receipt and aval (if credit facility A is fully utilized, credit facility C will be zero)	200	Indicated in each agreement	
D	Bank overdrafts	20	MOR p.a.	
E	Letter of guarantee	15	Indicated in each agreement	

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:

- mortgage of land for real estate project for sales under development, land and offsite parking land of such subsidiaries as discussed in Notes 11, 12 and 16,
- the building located or will be constructed on land of such subsidiaries as discussed in Notes 11, 13 and 16,
- conditional assignment on Managed Services Agreement, construction contracts, management agreement and other agreements with Marriott International Group, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit, and Retail Shop Lease Agreement with the customers of subsidiaries,
- all of the Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd.'s shares held by the shareholders as discussed in Note 9,
- pledge of Interest Reserve Account of such subsidiaries,
- deposits at bank of such subsidiaries 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,
- guarantee by a related party for credit facility lines of Baht 532 million,
- the Company and a subsidiary are the sponsors to provide the necessary financial supports in any events of cost overrun and cash deficiency of subsidiaries.

## Dean Group

The outstanding credit facilities of Dean Group from a local financial institution in Thailand for acquiring a multi-channel retailer of premium gourmet and delicatessen business under “Dean & DeLuca” brand under the credit facilities agreement dated December 2, 2014 are as follows:

Credit facility	Purpose	(In Million U.S. Dollars) Amount	Interest rate	Final maturity date
A	Term loan facility for share acquisition (U.S Dollars)	80	3 month LIBOR plus 4.5% p.a.	June 2, 2017
B	Standby letter of credit facility for Dean & DeLuca, Inc. and its subsidiaries	10	Indicated in each agreement	Indicated in each agreement ending July 3, 2017

The Company and subsidiaries are committed to comply with certain conditions as indicated in the credit facilities agreements.

Credit facilities are collateralized by the following:

- all of the Dean & DeLuca, Inc.’s shares held by the shareholders,
- all of the Pace Food Retail Co., Ltd.’s shares held by the shareholders as discussed in Note 9,
- pledge of Interest Reserve Account of Dean & DeLuca, Inc.,
- guarantee by the Company, Pace Food Retail Co., Ltd., Dean & DeLuca New York, Inc., Dean & DeLuca Atlanta, LLC, Dean & DeLuca Markets, LLC, Dean & DeLuca Brands, Inc., Dean & DeLuca International, LLC and Dean& DeLuca Small Format, LLC.

### Dean and Deluca (Thailand) Co., Ltd.

On May 10, 2012, Dean and Deluca (Thailand) Co., Ltd., a subsidiary, had obtained long-term loan credit facility from a local financial institution of Baht 10 million. Such loan is repayable in 48 monthly installments at varying amounts commencing from June 2012, ending in May 2016, and bears interest at the rate of MLR per annum.

On September 22, 2014, such subsidiary had obtained long-term loan credit facility from another local financial institution of Baht 80 million. Such loan is repayable in 60 monthly installments at varying amounts commencing from October 2014 ending in September 2019 and bears interest at the rate of MLR-1% per annum.

The subsidiary is committed to comply with certain conditions as indicated in the credit facilities agreements such as maintaining of financial ratio and others.

As at December 31, 2016 and 2015, such subsidiary could not maintain debt to equity ratio not exceeding 2.5 to 1 indicated in the credit facility agreement with a financial institution. On October 28, 2015, the financial institution has made amendment to the loan agreement that consent such subsidiary to maintain such debt to equity ratio from the financial statement year 2015 onwards. Subsequently on February 9, 2017, such financial institution has made amendment to the loan agreement that consent such subsidiary for maintaining such debt to equity ratio from the financial statement year 2015 only. Up to present, such financial institution is still giving the credit line to the subsidiary with the normal interest rate. Hence, the subsidiary presented such loan totalling amounted to Baht 43.6 million and Baht 59.8 million as a part of “Current portion of long-term loans from financial institutions” under the current liabilities in the consolidated statements of financial position as at December 31, 2016 and 2015, respectively.

Credit facilities are collateralized by the following:

- mortgage of certain residential condominium units of 2 directors,
- the Company’s shares held by a director of 30 million shares,
- shares of the related company held by a related person of 10 million shares,
- guarantee by a director of the Company and a related person.

## 24. LONG-TERM LOANS FROM OTHER PERSONS

As at December 31, 2016, long-term loans from other persons represented unsecured loans. These loans will be repayable in December 2018 with the surcharge of Baht 5.4 million.

## 25. DEBENTURES - Net

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2016	2015
Debentures	4,723,000	4,599,500
Less : Deferred debenture underwriting fee	(28,622)	(26,963)
	4,694,378	4,572,537
Less : Portion due within one year	(1,393,515)	(2,992,574)
Net	3,300,863	1,579,963

During the year ended December 31, 2016 and 2015, the Company issued unsubordinated and unsecured debentures in registered name from Private Placement to institutional investors and/or high net worth investors and to not more than 10 investors totalling Baht 3,123 million and Baht 1,600 million, respectively. The details are as follows:

Issuance and offering date	Amount (In Thousand Baht)		Term of debenture	Maturity date	Fixed interest rate (% per annum)
	2016	2015			
May 16, 2014	-	793,500	1 year 9 months	February 16, 2016	6.5
June 4, 2014	-	470,000	1 year 9 months	March 4, 2016	7.0
June 20, 2014	-	236,000	1 year 9 months	March 20, 2016	6.5
September 25, 2014	-	1,500,000	1 year 9 months	June 25, 2016	6.5
April 29, 2015	200,000	200,000	3 years	April 29, 2018	6.25
July 23, 2015	500,000	500,000	3 years	July 23, 2018	5.8
July 23, 2015	300,000	300,000	2 years 1 day	July 24, 2017	5.8
August 20, 2015	600,000	600,000	3 years 3 months	November 20, 2018	6.0
March 3, 2016	1,100,000	-	1 year 7 months	October 3, 2017	5.5
March 4, 2016	523,000	-	2 years	March 4, 2018	7.0
June 30, 2016	1,500,000	-	1 year 7 months	January 30, 2018	5.4
Total	4,723,000	4,599,500			

The Company is committed to comply with certain conditions as indicated in the prospectus such as maintaining of financial ratio and others.



## 26. PROVISION FOR EMPLOYEE RETIREMENT BENEFITS

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Employee retirement benefit as at January 1	9,241	6,126	7,869	5,065
Current service costs	9,280	2,944	8,290	2,546
Interest expense	599	365	504	307
Payment during the year	(1,638)	-	(1,638)	-
Actuarial gains	-	(194)	-	(49)
Employee retirement benefit as at December 31	17,482	9,241	15,025	7,869

Expenses recognized in the statement of comprehensive income for each of the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
In loss for the year :				
Current service costs	9,280	2,944	8,290	2,546
Interest expense	599	365	504	307
In other comprehensive income for the year :				
Actuarial gains	-	(194)	-	(49)
Total	9,879	3,115	8,794	2,804

Actuarial assumptions:

	The Company	Subsidiaries
Discount rate	3.12% per annum	3.12% - 4.41% per annum
Future salary increase rate	6.00% per annum	4.32% - 7.00% per annum
Employee turnover rate	0% - 28% per annum	0% - 28% per annum
Mortality rate	100% of Thai Mortality Table Year 2008	100% of Thai Mortality Table Year 2008
Disability rate	10% of Thai Mortality Table Year 2008	10% of Thai Mortality Table Year 2008

## 27. SHARE CAPITAL

At the extraordinary shareholders' meeting of the Company held on January 8, 2015, the shareholders of the Company approved the increase in authorized share capital from Baht 2,054,265,670 (divided into 2,054,265,670 common shares at Baht 1 par value) to Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value). The Company registered the increase in authorized share capital with the Ministry of Commerce on January 14, 2015.

On April 22, 2015, the Company called IBC Thailand Ltd. and IDJ Holding Ltd. to pay up the newly issued common shares under Private Placement Scheme of 542,722,500 shares at the price of Baht 3.39 per share for the purchase of additional investments and transfer of loan and accrued interest assignment in Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd. as discussed in Notes 2, 4 and 9. The Company registered the increase in share capital with the Ministry of Commerce on April 23, 2015.

At the annual general shareholders' meeting held on April 27, 2015, the shareholders approved the decrease in authorized share capital from Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value) to Baht 2,596,988,170 (divided into 2,596,988,170 common shares at Baht 1 par value) and the increase in authorized share capital from Baht 2,596,988,170 (divided into 2,596,988,170 common shares at Baht 1 par value) to Baht 3,261,678,197 (divided into 3,261,678,197 common shares at Baht 1 par value). The Company registered the decrease and increase in authorized share capital with the Ministry of Commerce on April 28, 2015 and April 29, 2015, respectively.

On April 29, 2015, the Company called Khun Sorapoj Techakraisri to pay up the newly issued common shares under Private Placement Scheme at the price of 64,690,027 shares at the price of Baht 3.71 per share for purchase of common shares and transfer of loan assignment in Dean and Deluca (Thailand) Co., Ltd. as discussed in Notes 2 and 9. The Company registered the increase in share capital with the Ministry of Commerce on May 1, 2015.

At the Board of Directors' meeting of the Company held on April 27, 2015, it determined that shareholders whose name appears on the share register book as of May 11, 2015 (Record Date) to be entitled to subscribe for the Company's newly issued common shares in the Rights Offering and to close the share register book to gather the names of the shareholders who are entitled to subscribe for the Company's newly issued common shares in the Rights Offering on May 12, 2015 as details below.

Number of Shares Offered:	Not exceeding 600,000,000 shares
Offering Price:	Baht 1 per share
Allotment ratio:	1 existing common share being entitled to subscribe to 0.22542 new common shares

In this regard, the Company already received the proceeds from increase in share capital from its shareholders of 600,000,000 shares at Baht 1 per share. The Company registered the increase in share capital with the Ministry of Commerce on June 2, 2015.

The Company incurred expenses relating to above share allocation and offering totalling Baht 6.2 million which were presented as a deduction from the premium on common shares.

At the extraordinary shareholders' meeting of the Company held on July 5, 2016, the shareholders approved:

- the increase in authorized share capital from Baht 3,261,678,197 (divided into 3,261,678,197 common shares at Baht 1 par value) to Baht 4,078,028,197 (divided into 4,078,028,197 common shares at Baht 1 par value). The Company registered the increase in authorized share capital with the Ministry of Commerce on July 6, 2016,
- the allocation of newly issued 176,350,000 common shares to Bell Investments Limited and Asension Trading Limited under Private Placement Scheme for the purchase of land at Niseko, Hokkaido, Japan at the price of Baht 3.00 per share,
- the allocation of newly issued not exceeding 320,000,000 common shares under Private Placement Scheme at the price not less than 90% of market price by General Mandate,
- the allocation of newly issued not exceed 320,000,000 common shares with the par value of Baht 1 to offer to the existing shareholders in proportion to their shareholding (Rights Offering) by General Mandate.

On July 26, 2016, the Company already received the proceeds from increase in share capital of 320,000,000 shares at Baht 1 par value under Private Placement Scheme at the price of Baht 3.00 per share. The Company registered the increase in paid-up capital with the Ministry of Commerce on July 27, 2016.

On July 28, 2016, the newly issued 176,350,000 common shares under Private Placement Scheme at the price of Baht 3.00 per share were made for payment of purchase land at Niseko, Hokkaido, Japan as discussed Note 11. The Company registered the increase in paid-up capital with the Ministry of Commerce on July 29, 2016.

The Company incurred expenses relating to above share allocation and offering totalling Baht 43.2 million which were presented as a deduction from the premium on common shares.

Basic loss per share attributable to owners of the parent are determined by dividing the 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 years ended December 31, 2016 and 2015 are as follows:

	In Million Shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Number of shares outstanding as at January 1	3,261.7	2,054.3	3,261.7	2,054.3
Effect of shares issued during the year	216.1	772.9	216.1	772.9
Weighted average number of shares (basic)	3,477.8	2,827.2	3,477.8	2,827.2

## 28. 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.

## 29. EXPENSES BY NATURE

Significant expenses by nature for each of the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Costs of sales of residential condominium units	1,029,454	85,185	21,370	-
Change in inventories	(22,371)	(16,689)	-	-
Purchase of inventories	1,643,793	1,588,330	-	-
Employee benefit expenses	1,570,494	1,258,172	333,771	267,854
Management benefit expenses	51,378	48,788	47,759	45,342
Selling, marketing and advertising expenses	729,309	249,070	85,753	83,049
Commission expenses	56,850	175,509	15,479	88,238
Depreciation and amortization	332,474	357,713	21,114	46,052
Professional and consulting fees	383,145	225,992	13,042	24,183
Rental, service and utilities expenses	686,919	547,341	22,830	15,656
Impairment loss on intangible assets and goodwill	183,462	3,295	-	-
Bank charges and credit card fee	82,579	74,572	775	1,487
Other expenses	505,143	388,630	40,698	72,984
Total expenses	<u>7,232,629</u>	<u>4,985,908</u>	<u>602,591</u>	<u>644,845</u>

## 30. REGISTERED PROVIDENT FUND

The Company and certain subsidiaries have established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 based on the approval from the Ministry of Finance on October 1, 2011 for the Company and various date for certain subsidiaries. Under the plan, members contribute to the fund at 2% and 3% of the employees' basic salaries. The Company and certain subsidiaries contributes to the fund at 2% to 4% of the employees' basic salaries, depending on the length of employment. The Company and certain subsidiaries 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 the years 2016 and 2015, which were charged to the statement of comprehensive income, amounted to Baht 4.8 million and Baht 3.8 million, respectively.

The subsidiaries' contribution for the years 2016 and 2015, which were charged to the statement of comprehensive income, amounted to Baht 2.5 million and Baht 1.7 million, respectively.

### 31. OPERATING SEGMENTS

Operating segment information is reported in a manner consistent with the internal reports of the Pace Development Corporation Group 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 6 reportable segments as follows:

- 1) The property development segment, which develops and sells condominium units.
- 2) The investment segment, which invests in shares of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd.
- 3) The hotel segment, which operates hotel business.
- 4) The shopping centre segment, which develops and leases out shopping centre
- 5) The services segment
- 6) The retailer of premium gourmet and delicatessen business segment

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of entity's country of domicile. The Pace Development Corporation Group comprises the following main geographic segments as follows:

- 1) Thailand
- 2) United States of America
- 3) Japan

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.

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to Financial Statements (Continued)**

**December 31, 2016**

The following table presents revenue and profit (loss) information regarding the Pace Development Corporation Group' operating segments for each of the years ended December 31, 2016 and 2015 and segment assets and liabilities as at December 31, 2016 and 2015:

	In Million Baht															
	Property development		Investment in equity shares		Hotel		Shopping centre		Services		Premium gourmet and delicatessen		Elimination of inter-segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	1,375	109	-	-	-	-	81	72	236	24	4,027	3,348	(282)	(64)	5,437	3,489
Cost of sales	(1,054)	(85)	-	-	-	-	(104)	(95)	(239)	(24)	(1,654)	(1,604)	268	32	(2,783)	(1,776)
Gross profit (loss)	321	24	-	-	-	-	(23)	(23)	(3)	-	2,373	1,744	(14)	(32)	2,654	1,713
Other income	761	607	-	-	-	-	-	-	2	-	24	229	(757)	(813)	30	23
Other expenses	(1,014)	(983)	-	-	(45)	(17)	(21)	(20)	(37)	(36)	(3,410)	(2,263)	77	109	(4,450)	(3,210)
Segment profit (loss)	68	(352)	-	-	(45)	(17)	(44)	(43)	(38)	(36)	(1,013)	(290)	(694)	(736)	(1,766)	(1,474)
Finance costs	(587)	(461)	(26)	(24)	(115)	(112)	(140)	(135)	(4)	-	(337)	(386)	571	534	(638)	(584)
Share of net loss of investment in joint venture	-	-	-	-	-	-	-	-	-	-	(3)	-	-	-	(3)	-
Income tax income	34	135	-	-	-	-	21	28	-	-	26	26	-	-	81	189
Loss for the year	(485)	(678)	(26)	(24)	(160)	(129)	(163)	(150)	(42)	(36)	(1,327)	(650)	(123)	(202)	(2,326)	(1,869)
Equity holders of the former shareholder of subsidiary															-	38
Non-controlling interests															-	46
Loss attributable to owners of the parent															(2,326)	(1,785)
Other information																
Segment assets	33,363	25,542	250	250	4,388	3,336	2,900	2,596	164	171	9,901	9,166	(19,135)	(15,129)	31,831	25,932
Segment liabilities	27,401	20,734	440	470	4,901	3,843	3,360	2,966	211	178	7,503	5,399	(13,674)	(9,785)	30,142	23,805
Depreciation	33	126	-	-	-	-	48	40	3	1	88	60	7	(1)	179	226

## Geographical segment

The Pace Development Corporation Group has expanded its investment and operating in foreign countries. All significant revenue from sales for the years ended December 31, 2016 and 2015 and total assets as at December 31, 2016 and 2015 on the basis of geography are presented in this information. Segment revenue is based on the geographical location of customers and segment total assets are based on the geographical location of the assets.

	In Million Baht									
	Thailand		United States of America		Japan		Elimination of inter-segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues and other income	2,710	1,240	3,796	3,149	-	-	(1,039)	(877)	5,467	3,512
Total assets	43,935	34,600	6,803	6,461	228	-	(19,135)	(15,129)	31,831	25,932

## 32. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, short-term investments, trade account receivables, advances and other receivables from subsidiaries and related companies, accrued management fee income, refundable value added tax, restricted savings deposit and current account, short-term and long-term loans to subsidiaries and related company, interest receivables from subsidiaries, bank overdrafts and short-term loans from financial institutions, short-term loans, trade account payables, payable for purchase of land, other payables to related companies, other account payables, deposit received from customers, accrued interest from related parties, long-term loans from financial institutions, liabilities under finance lease contracts, debentures and long-term loans from others. 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, short-term and long-term loans to subsidiaries, interest receivables from subsidiaries, bank overdrafts and short-term loans from financial institutions, short-term loans, accrued interest from related parties, long-term loans from financial institutions, liabilities under finance lease contracts, debentures and long-term loans from others, which bear interest. However, since most of the Pace Development Corporation Group's financial assets and liabilities bear floating interest rates or fixed 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, 2016 and 2015, classified by type of interest rates are summarized in the table below:

	2016 (Consolidated Financial Statements)			In Thousand Baht			
	Fixed interest rates						Effective interest rates
	Within		Over	Floating	Non-interest		
	1 year	1- 5 years	5 years	interest rate	bearing	Total	(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	685,367	7,088	692,455	0.37% - 0.40%
Short-term investments	-	-	-	-	44,695	44,695	-
Trade account receivables	-	-	-	-	89,494	89,494	-
Advances and other receivables							
from related companies	-	-	-	-	6,715	6,715	-
Refundable value added tax	-	-	-	-	238,179	238,179	-
Restricted savings deposit and current account	-	-	-	243,660	47,383	291,043	0.375%
Interest receivables from related company	-	-	-		811	811	
Long-term loans to related company	-	-	-	75,257	-	75,257	2.26%
Total	-	-	-	1,004,284	434,365	1,438,649	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from							
financial institutions	500,000	-	-	641,024	-	1,141,024	0.86% - 7.38%
Short-term loans	4,444,981	-	-	-	-	4,444,981	5.50% - 7.75%
Trade account payables	-	-	-	-	1,660,243	1,660,243	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other payables to related companies	-	-	-	-	23,077	23,077	-
Other account payables	-	-	-	-	32,855	32,855	-
Deposit received from customers	-	-	-	-	8,485	8,485	-
Long-term loans from financial institutions - net	-	-	-	11,748,870	-	11,748,870	5.13% - 6.30%
Long-term loans from other persons	-	30,000	-	-	-	30,000	6.00%
Liabilities under finance lease contracts - net	6,135	6,029	-	-	-	12,164	5.42% - 15.00%
Debentures – net	1,393,515	3,300,863	-	-	-	4,694,378	5.40% - 7.00%
Total	6,344,631	3,336,892	-	12,389,894	1,826,072	23,897,489	

	2015 (Consolidated Financial Statements)				In Thousand Baht		
	Fixed interest rates						Effective
	Within		Over	Floating	Non-interest		interest rates
	1 year	1- 5 years	5 years	interest rate	bearing	Total	(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	640,251	10,849	651,100	0.10% - 1.45%
Short-term investments	-	-	-	-	68,912	68,912	-
Trade account receivables	-	-	-	-	94,044	94,044	-
Advances to and other receivables							
from related companies	-	-	-	-	26,056	26,056	-
Refundable value added tax	-	-	-	-	158,077	158,077	-
Restricted savings deposit and current account	-	-	-	188,754	37,948	226,702	0.375%
Total	-	-	-	829,005	395,886	1,224,891	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from							
financial institutions	-	-	-	503,714	-	503,714	2.17% - 7.50%
Short-term loans	2,727,023	-	-	-	-	2,727,023	5.00% - 7.75%
Trade account payables	-	-	-	-	1,041,719	1,041,719	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other payables to related companies	-	-	-	-	13,830	13,830	-
Other account payables	-	-	-	-	20,922	20,922	-
Deposit received from customers	-	-	-	-	10,328	10,328	-
Long-term loans from financial institutions - net	-	-	-	9,315,578	-	9,315,578	4.60% - 6.85%
Liabilities under finance lease contracts - net	3,848	9,729	-	-	-	13,577	5.75% - 15.00%
Accrued interest from related parties	-	-	-	-	463,168	463,168	-
Debentures – net	2,992,574	1,579,963	-	-	-	4,572,537	5.80% - 7.00%
Total	5,723,445	1,589,692	-	9,819,292	1,651,379	18,783,808	

	2016 (Separate Financial Statements)			In Thousand Baht			
	Fixed interest rates						Effective interest rates
	Within		Over	Floating	Non-interest		
	1 year	1- 5 years	5 years	interest rate	bearing	Total	(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	184,709	1,486	186,195	0.375% - 0.40%
Short-term investments	-	-	-	-	44,695	44,695	-
Short-term loans to subsidiary and interest receivable	945,670	-	-	1,446,296	121,125	2,513,091	7.50% - 9.275%
Advance to and other receivables from subsidiaries	-	-	-	-	126,144	126,144	-
Accrued management fee income	-	-	-	-	240,000	240,000	-
Refundable value added tax	-	-	-	-	1,470	1,470	-
Restricted saving deposit and current account	-	-	-	39,313	-	39,313	0.375%
Interest receivable from subsidiaries	-	-	-	-	1,739,833	1,739,833	-
Long-term loans to subsidiaries	-	-	8,105,461	67,000	-	8,172,461	7.50% - 9.275%
Total	945,670	-	8,105,461	1,737,318	2,274,753	13,063,202	
<b>Financial liabilities</b>							
Short-term loan from financial institution	500,000	-	-	-	-	500,000	5.55%
Short-term loans	4,346,221	-	-	-	-	4,346,221	5.00% - 7.75%
Trade account payables	-	-	-	-	462,652	462,652	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other payables to related company	-	-	-	-	2,213	2,213	-
Long-term loans from financial institution - net	-	-	-	3,248,537	-	3,248,537	5.78%, 6.30%
Long-term loans from other persons	-	30,000	-	-	-	30,000	6.00%
Liabilities under finance lease contracts - net	3,387	5,447	-	-	-	8,834	5.43% - 15.00%
Debentures – net	1,393,515	3,300,863	-	-	-	4,694,378	5.40% - 7.00%
Total	6,243,123	3,336,310	-	3,248,537	566,277	13,394,247	

	2015 (Separate Financial Statements)			In Thousand Baht			
	Fixed interest rates						Effective interest rates (% p.a.)
	Within		Over	Floating	Non-interest		
	1 year	1- 5 years	5 years	interest rate	bearing	Total	
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	121,268	3,932	125,200	0.375% - 0.75%
Short-term investments	-	-	-	-	68,912	68,912	-
Short-term loans to subsidiary and interest receivable	576,670	-	-	110,930	26,898	714,498	7.50%, 9.52%
Advance to and other receivables from subsidiaries	-	-	-	-	106,832	106,832	-
Accrued management fee income	-	-	-	-	180,000	180,000	-
Refundable value added tax	-	-	-	-	1,118	1,118	-
Restricted saving deposit and current account	-	-	-	17,016	-	17,016	0.375%
Interest receivable from subsidiaries	-	-	-	-	1,184,350	1,184,350	-
Long-term loans to subsidiaries	-	-	6,762,711	-	-	6,762,711	7.50%
Total	576,670	-	6,762,711	249,214	1,572,042	9,160,637	
<b>Financial liabilities</b>							
Short-term loans	2,727,023	-	-	-	-	2,727,023	5.00% -7.75%
Trade account payables	-	-	-	-	271,501	271,501	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other payables to related company	-	-	-	-	1,444	1,444	-
Long-term loans from financial institution - net	-	-	-	1,143,924	-	1,143,924	6.03% - 6.50%
Liabilities under finance lease contracts - net	2,911	6,465	-	-	-	9,376	5.75% - 15.00%
Debentures – net	2,992,574	1,579,963	-	-	-	4,572,537	5.80% - 7.00%
Total	5,722,508	1,586,428	-	1,143,924	374,357	8,827,217	

### 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, short-term investments, restricted savings deposit and current account and long-term loans to subsidiaries and related company - 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, short-term loans to subsidiaries and interest receivables, advances to and 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.

Accrued management fee income - the fair value could not be calculated appropriately because the collection period could not be determined.

Bank overdrafts 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, payable for purchase of land, other payables to related companies and other account payables - 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 from other persons, liabilities under finance lease contracts and debentures carrying interest at fixed rates - the fair value could not be calculated appropriately because the market floating rate could not be determined.

### 33. 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 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 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 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. Subsequently on December 29, 2015, such subsidiary entered into First Amended and Restated Residential Marketing License Agreement to revise the residential structure from long-term leasehold to be condominium for sales and extend the effective term to the earlier of June 30, 2017 or the closing of all residential units.
- 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. Subsequently on December 29, 2015, such subsidiary entered into First Amended and Restated Management Agreement to revise the residential structure from long-term leasehold to be condominium for sales and update project timeline.

### 34. OTHERS

- 1) As at December 31, 2016 and 2015,

	In Thousand Baht	
	2016	2015
a) Certain subsidiaries had letters of credit opened but not utilized.	14,129	277,496
b) The Company had letters of guarantee issued by a local financial institution in favor of the state enterprises and a government agency which were guaranteed as discussed in Note 23.	21,783	-
c) Certain subsidiaries had letters of guarantee issued by a local financial institution in favour of customers and a state enterprise which were guaranteed as discussed in Note 23.	68,734	107,284
d) the Company had commitments under the agreements and letter of intent for the cost of construction (Note 11).	2,086,562	1,876,651
e) Certain subsidiaries had commitments under the agreements for the costs of construction and interior services. As at December 31, 2016 and 2015, a portion of Baht 14.1 million and Baht 277.5 million, respectively, were covered by letters of credit which were guaranteed as discussed in Note 23.	2,693,340	1,659,214
f) A subsidiary had commitment under the linkbridge agreement to pay the consideration fee for the right to connect and use the linkbridge commuting path with Bangkok Mass Transit System Public Company Limited.	19,500	28,500
g) Certain subsidiaries had commitments under the agreements for purchase of fixed assets (Note 15)	64,171	3,047
h) A subsidiary had commitments to pay initial license fees under the license and consulting agreements.	17,961	-

- 2) As at December 31, 2016 and 2015, the Pace Development Corporation Group had commitments under various operating lease agreements covering the retail rental agreements, warehouse and office premises for the periods from 12 months to 193 months. In addition, on May 22, 2016, Dean & DeLuca, Inc. entered into a six years agreement to become the Title Sponsor of DEAN & DELUCA Invitational, an internationally televised PGA Tour event, beginning in May 2016. The totals of future minimum lease payments under non-cancellable operating leases and the commitment under the Title Sponsor Agreement for each period are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Not later than 1 year	986,516	334,269	8,111	9,466
Later than 1 year and not later than 5 years	4,290,110	1,061,347	8,318	16,429
Later than 5 years	2,976,358	1,140,081	-	-
Total	8,252,984	2,535,697	16,429	25,895



- 3) As at December 31, 2016 and 2015, the Pace Development Corporation Group has detail of projects under development as follows:

	2016	2015
Value of sales already contracted (in Thousand Baht)	<u>17,087,299</u>	<u>14,514,261</u>
As percentage of total sales of project on hand (%)	<u>64.28</u>	<u>65.72</u>

- 4) As at December 31, 2016, current account amounting to USD 0.82 million (equivalent to Baht 29.4 million) was pledged as collateral for letters of credit according to a requirement of leases on the 3 cafes and an office in New York. As at December 31, 2015, current account amounting to USD 0.58 million (equivalent to Baht 20.9 million) was pledged as collateral for letters of credit according to a requirement of leases on the 4 cafes in New York.
- 5) As at December 31, 2016, the Pace Development Corporation Group had commitment for additional investments in Dean & DeLuca Café Japan Co., Ltd., joint venture, totalling JPY 200 million (equivalent to Baht 61.6 million) within March 31, 2019 (2015: Nil).

### 35. EVENTS AFTER THE REPORTING PERIOD

- 1) Dean & DeLuca Airport Co., Ltd., a new subsidiary, was registered with the Ministry of Commerce on January 5, 2017 with the registered capital of Baht 30 million (common share 300,000 shares at Baht 100 par value). On January 10, 2017, Dean and DeLuca (Thailand) Co., Ltd. has invested in such subsidiary of Baht 15.3 million (common share 153,000 shares at Baht 100 par value) resulting the Company had the percentage of indirect shareholding in this subsidiary of 51%.
- 2) At the Board of Directors' meeting of the Company held on January 10, 2017, the Board of Directors has resolved to approve the proposed investment by 2 new investors, namely Apollo Asia Sprint Holding Company Limited and Goldman Sachs Investments Holdings (Asia) Limited in 2 subsidiaries which were Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. totalling of Baht 7,783.2 million. The Company and its subsidiaries entered into Subscription Agreement with such 2 investors on January 10, 2017.
- 3) On January 30, 2017, the Company and subsidiaries entered into Amendment Subscription Agreement and Shareholder Agreement. Under the agreements, share capital of such subsidiaries will increase as follows:
- (a) Share capital of Pace Project One Co., Ltd. will increase by issuing 1,921,000 new preference shares at the offering price of Baht 100 per share with totalling amounting to Baht 192.1 million. Hence, the share capital will increase from Baht 200 million (common share 2,000,000 shares at Baht 100 per share) to Baht 392.1 million (common share of 2,000,000 shares at Baht 100 par value and preference shares of 1,921,000 shares at Baht 100 par value).
- (b) Share capital of Pace Project Three Co., Ltd. will increase by issuing 950,000 new preference shares at the offering price totalling Baht 7,591.1 million (divided into 579,100 Group B preference shares at Baht 7,990.45 per share and 370,900 Group C preference shares at Baht 7,990.91 per share). Hence, the share capital will increase from Baht 100 million (common share 1,000,000 shares at Baht 100 per share) to Baht 195 million (common share of 1,000,000 shares at Baht 100 par value and preference shares of 950,000 shares at Baht 100 par value).
- 4) On January 30, 2017, the Company and 2 subsidiaries entered into Credit Facilities Agreements with Apollo Asia Sprint Holding Company Limited (Lender) and Mercer Investments (Singapore) Pte. Ltd. (Co-Lender) for term loan totalling Baht 658 million which were separated to Pace Project One Co., Ltd. of Baht 329 million and Pace Project Three Co., Ltd. of Baht 329 million.

### 36. 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 covenant of the debenture of bondholders. However, the Bondholders' meetings held on February 12, 2015 and February 25, 2015 approved to amend the covenant calculation period from December 31, 2014 to June 30, 2015. At the Bondholders' meetings held on February 5, 2016 and February 16, 2016 approved to release the covenant calculation as at December 31, 2015. Subsequently the Bondholders' meetings held on January 31, 2017, approved to release the covenant calculation as at December 31, 2016.

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 local financial institutions. 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, 2016, debt-to-equity ratio in their financial statements was 0.63 to 1 (As at December 31, 2015: 0.77 to 1).

No changes were made in the Pace Development Corporation Group's objectives, policies or processes during the years ended December 31, 2016 and 2015.

### 37. FAIR VALUE MEASUREMENT

The Pace Development Corporation Group uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs, such as estimates of future cash flows

As at December 31, 2016, the Pace Development Corporation Group had the following assets that were measured at fair value using different levels of inputs as follows:

	Consolidated / Separate Financial Statements (In Thousand Baht)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Trading investments				
- Open-end fixed income fund	-	44,695	-	44,695

Level 2 investments of marketable securities are fair valued based on net assets value announced by the Asset Management Fund companies at the close of business on the statement of financial position date.

### 38. THAI FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

The Pace Development Corporation Group has not adopted revised Thai Financial Reporting Standards (TFRS) that have been issued but are not yet effective at the reporting date only those are relevant to business of the Pace Development Corporation Group, as follows:

TFRS	Topic	Effective date
TFRS 2 (revised 2016)	Share-based Payment	2017
TFRS 3 (revised 2016)	Business Combinations	2017
TFRS 5 (revised 2016)	Non-current Assets held for Sale and Discontinued Operations	2017
TFRS 8 (revised 2016)	Operating Segments	2017
TFRS 10 (revised 2016)	Consolidated Financial Statements	2017
TFRS 11 (revised 2016)	Joint Arrangements	2017
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities	2017
TFRS 13 (revised 2016)	Fair Value Measurement	2017
TAS 1 (revised 2016)	Presentation of financial statements	2017
TAS 2 (revised 2016)	Inventories	2017
TAS 7 (revised 2016)	Statement of Cash Flows	2017
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors	2017
TAS 10 (revised 2016)	Events after the Reporting Period	2017
TAS 11 (revised 2016)	Construction Contracts	2017
TAS 12 (revised 2016)	Income Taxes	2017
TAS 16 (revised 2016)	Property, Plant and Equipment	2017
TAS 17 (revised 2016)	Leases	2017
TAS 18 (revised 2016)	Revenue	2017
TAS 19 (revised 2016)	Employee Benefits	2017
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates	2017
TAS 23 (revised 2016)	Borrowing Costs	2017
TAS 24 (revised 2016)	Related Party Disclosures	2017
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans	2017
TAS 27 (revised 2016)	Separate Financial Statements	2017
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures	2017
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies	2017
TAS 33 (revised 2016)	Earnings per Share	2017
TAS 34 (revised 2016)	Interim Financial Reporting	2017
TAS 36 (revised 2016)	Impairment of Assets	2017
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets	2017
TAS 38 (revised 2016)	Intangible Assets	2017
TAS 40 (revised 2016)	Investment Property	2017
TAS 104 (revised 2016)	Troubled Debt Restructuring	2017
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities	2017
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation	2017
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2017
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease	2017
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2017
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies	2017
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment	2017
TFRIC 13 (revised 2016)	Customer Loyalty Programmes	2017
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2017
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate	2017
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners	2017
TFRIC 18 (revised 2016)	Transfers of Assets from Customers	2017
TSIC 15 (revised 2016)	Operating Leases-Incentives	2017

TFRS	Topic	Effective date
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2017
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2017
TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services	2017
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs	2017
FAP Announcement No. 5/2559	Accounting Guidance for Derecognition of Financial Assets and Financial Liabilities	2017

Management expects to adopt and apply these 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 revised TFRSs.

### 39. APPROVAL OF FINANCIAL STATEMENTS

The Company's directors have authorized these financial statements for issue on February 28, 2017.

# GENERAL INFORMATION AND IMPORTANT INFORMATION

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED

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Company Name	PACE Development Corporation Public Company Limited (Formerly name : Cinkara Company Limited)
Nature of Business	High-end sector of Thailand's real estate development business and gourmet food and beverage lifestyle retail
Head Office Location	87/2 CRC Tower, All Seasons Place, 45 <sup>th</sup> Floor Unit 3, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Thailand
Registration Number	0107554000232
Website	<a href="http://www.pacedev.com">www.pacedev.com</a>
Telephone	02 654 3344
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Investors can find further information regarding the Company from the Annual Registration Statement. (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.pacedev.com](http://www.pacedev.com)

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DEAN & DELUCA

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