

# ANNUAL REPORT 2017

PACE DEVELOPMENT CORPORATION PLC.







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# FINANCIAL HIGHLIGHTS

## STATEMENT OF FINANCIAL POSITION

As of December 31<sup>st</sup>, 2015, 2016 and 2017 (3 Years)

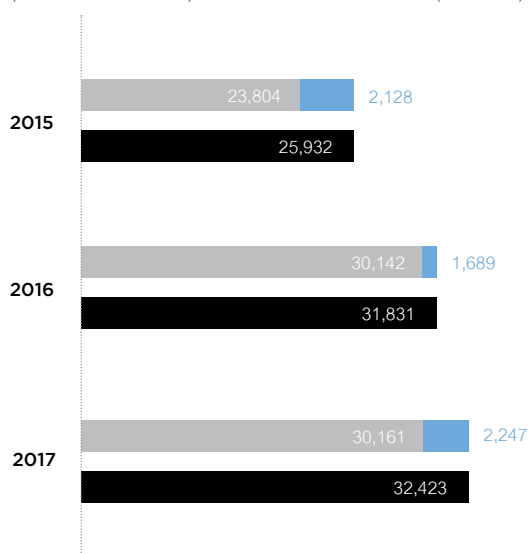
(Unit: Million Baht)

	2015	2016	2017
Total Assets	25,932.15	31,831.16	32,422.63
Total Liabilities	23,804.55	30,141.95	30,160.69
Equity Attributable to Owner of the Parent	2,127.60	1,689.21	2,246.94
Non-Controlling Interests	-	-	14.99
Total Shareholders' Equity	2,127.60	1,689.21	2,261.93

## STATEMENT OF FINANCIAL POSITION

(Unit: Million Baht)

(3 Years)

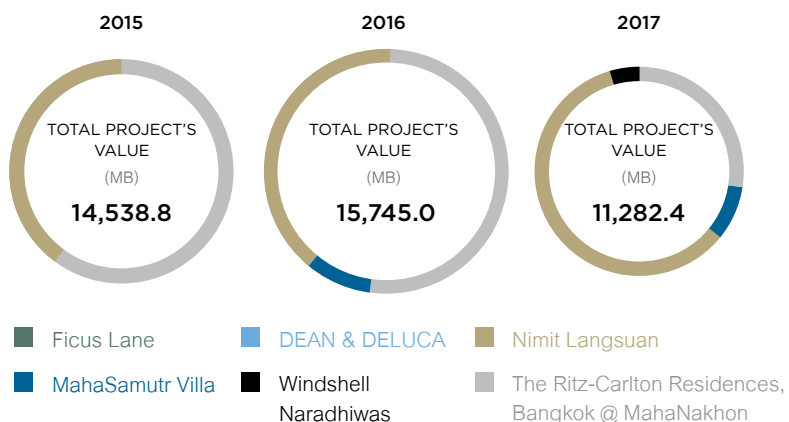


Total Assets  
 Total Liabilities  
 Equity Attributable to Owner of the Parent

## SALES BACKLOG

(Unit: Million Baht)

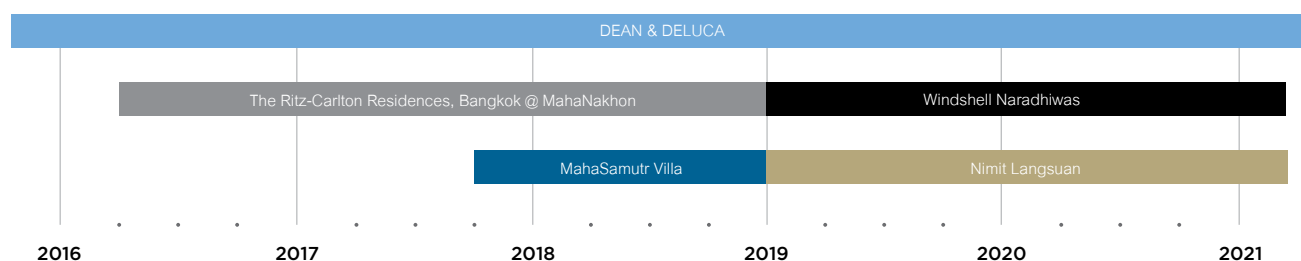
PROJECTS	2015	2016	2017
Ficus Lane	24.6	-	-
Saladaeng Residences	-	-	-
The Ritz-Carlton Residences, Bangkok @ MahaNakhon	8,633.0	8,124.6	3,209.9
MahaSamutr Villa	-	1,068.5	869.2
Nimit Langsuan	5,881.2	6,551.9	6,709.3
Windshell Naradhiwas	-	-	494.0
<b>Total</b>	<b>14,538.8</b>	<b>15,745.0</b>	<b>11,282.4</b>



(Unit: Million Baht)

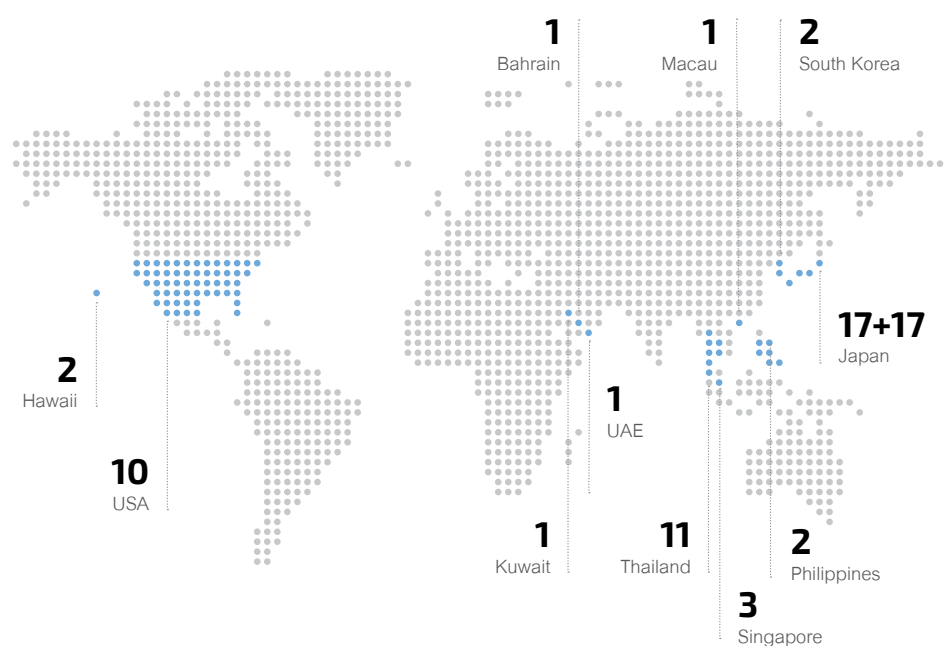
PROJECTS	CUMULATIVE SALES			RECOGNIZED REVENUE			BACKLOG		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Ficus Lane	891.4	32.8	-	866.9	32.8	-	24.6	-	-
Saladaeng Residences	2,309.8	-	-	2,309.8	-	-	-	-	-
The Ritz-Carlton Residences, Bangkok @ MahaNakhon	8,633.0	9,466.9	10,379.5	-	1,342.3	5,827.3	8,633.0	8,124.6	3,209.9
MahaSamutr Villa	-	1,068.5	965.7	-	-	96.5	-	1,068.5	869.2
Nimit Langsuan	5,881.2	6,551.9	6,709.3	-	-	-	5,881.2	6,551.9	6,709.3
Windshell Naradhiwas	-	-	494.0	-	-	-	-	-	494.0
<b>Total</b>	<b>17,715.4</b>	<b>17,120.1</b>	<b>18,548.5</b>	<b>3,176.7</b>	<b>1,375.1</b>	<b>5,923.8</b>	<b>14,538.8</b>	<b>15,745.0</b>	<b>11,282.4</b>

## TIMELINES OF REVENUE RECOGNITION OF DEVELOPING PROJECTS AND FUTURE PROJECTS



## THE GROWTH OF GOURMET FOOD AND BEVERAGES “DEAN & DELUCA” TOTALING 68 STORES WORLDWIDE

The Company owns 10 stores in USA, 11 stores in Thailand, and co-owner of 17 stores in Japan as a joint venture agreement with a partner in Japan for café format; totaling 38 stores.



# MESSAGE FROM THE BOARD OF DIRECTORS



**MR. KRAITHIP KRAIRIKSH**  
Chairman



**MR. SORAPOJ TECHAKRAISRI**  
CEO & Director

PACE would like to thank you for your support throughout the past 14 years. With the vision to be a leader in premium quality lifestyles and founded as a luxury property developer with the aspiration to build iconic landmarks, PACE has diversified into the hospitality as well as food & beverage business. We are committed to creating long-term value for all our stakeholders, including our employees, customers, shareholders, lenders, suppliers, government agencies, and society at large.

Faced with financial challenges in 2017, we sought to reinstate stakeholder confidence through a mindful re-evaluation of our organizational and financial structure, controls, capacity, and performance in order to pave our unique path to delivering long-term stakeholder value. It is of utmost importance to address our stakeholder concerns and dedicate resources to an effective turnaround and shared benefits.

An aspect of organizational restructuring in 2017 was the establishment of the Sustainability Management Department, which reports to the Executive Committee. Established under the belief that engagement with all our stakeholder groups and integration of their interests are essential for our business sustainability, the Sustainability Management Department is tasked with advising on ESG (environmental, social, governance) risks and opportunities, and define an approach for creating long-term value.

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## 2017 IN REVIEW

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The construction of our property assets progressed, and the Company started to obtain revenue recognition from ownership transfers. Besides MahaNakhon, which has gained the international recognition as an iconic architectural landmark in Thailand, construction was on schedule for two other high-rise residential projects Nimit Langsuan and Windshell Narathiwas. Furthermore, MahaSamutr Villas Huahin had the first transfers in late 2017.

Our food & beverage business under DEAN & DELUCA expanded globally, totaling 11 new branches, including 1 in Macau, a second branch in Hawaii, 1 in Bahrain, 6 new cafes and 2 new market format stores in Japan, where we take pride in the popularity and success obtained. The Company has also

taken restructuring measures to strengthen DEAN & DELUCA in order to optimize effective monitoring, growth opportunities, and cost control.

For the purpose of reducing debt and interest expense, and for sustainable future business expansion, in 2017, the Company has repaid debt with revenues from the condominium unit transfers. Moreover, the Company has a capital increase via a Rights Offering (RO) and private placement (PP) of THB 3,894 million to existing shareholders. The recapitalization will greatly improve the Company's financial status.

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## ONWARDS

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The year 2018 will see the completion of various projects and revenue generation of the Bangkok EDITION Hotel, Observation Deck, MahaSamutr Villas and Country Club. With organizational and financial restructuring implemented in 2017, the Company expects 2018 to be a year of benefits and satisfaction for all our stakeholder groups.

We would like to thank our stakeholders for continuing to support Pace and assure that the Company and the management team will carry out the businesses at the highest level of effort to optimize shared benefits.



# POLICY AND OVERVIEW OF BUSINESS

## 1 VISION 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's vision is to be a leader in premium quality lifestyles through creating design-driven properties, hospitality, and 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 the 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
- Embedding the sustainability mindset in business objectives and daily operations

### 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 in 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 high-end developments at comparable locations. The Company targets to develop 1 - 2 residential projects per year.

### Lifestyle businesses that generate recurring income

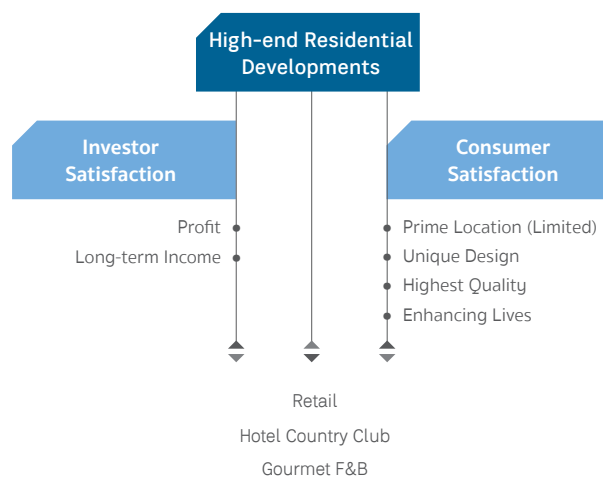
PACE integrates lifestyle elements into its property development business, not only to enhance the quality of life for residents, but also to add recurring income streams to strengthen shareholder and investor trust. These include hospitality and retail operations. In addition, PACE is the owner of New 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, including "MahaNakhon", which consists of hotel, observatory and lifestyle retail elements; "MahaSamutr", a Country Club membership concept embracing hospitality and dining.

The gourmet F&B business arm reflects the synergy of lifestyle and property. As a property developer, the 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

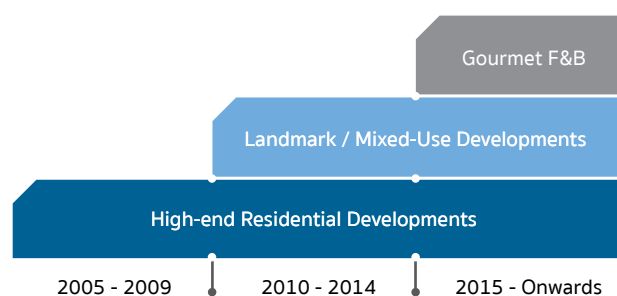
global level. This knowledge will enhance PACE's ability to expand abroad as well as bring new trends from around the globe into the Thai real estate market.

### The Diagram of PACE's Business Strategy



PACE's business direction is illustrated as steps of business development in the chart below:

### 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 the "DEAN & DELUCA" brand, where it became the owner of the stores in the USA and Thailand, and co-owner of the stores in Japan in a joint venture agreement. As of December 31<sup>st</sup>, 2017, the Company's registered capital and paid up capital is 3,758 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. 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. and 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 & 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 Mr. 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.

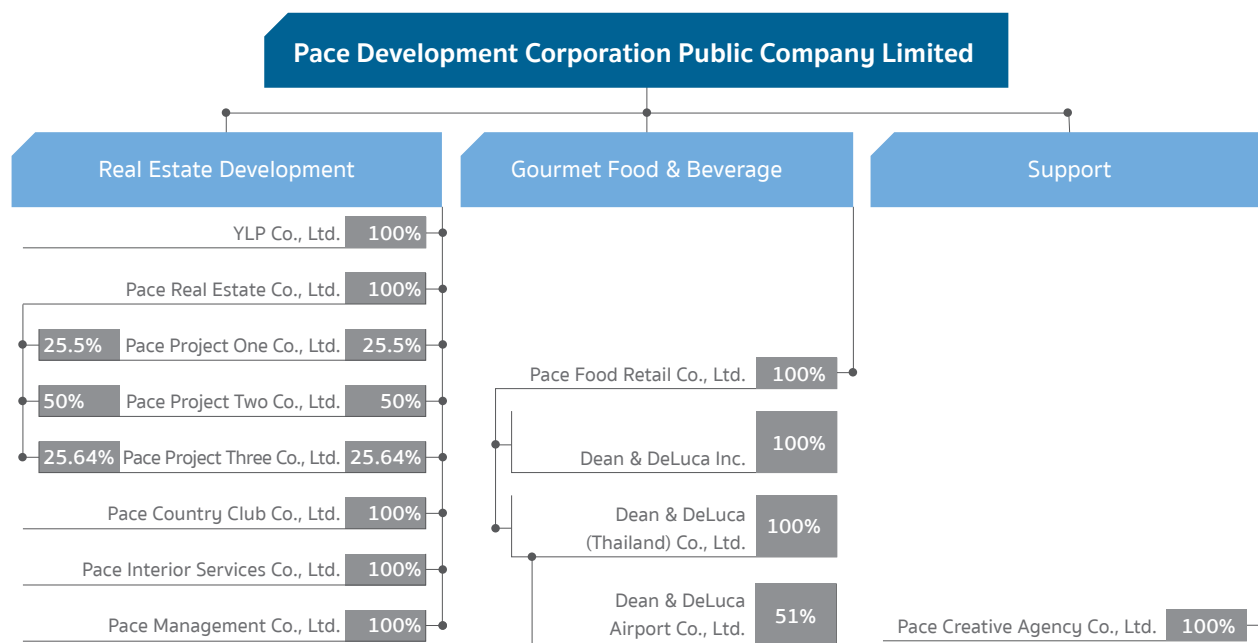
Year	Significant Changes within the Year
2016	Launched MahaSamutr Villa & Country Club Project under the theme of “The Sound of MahaSamutr”, including “MahaSamutr Villas”, the luxury freehold villas, and “MahaSamutr Country Club” surrounded by MahaSamutr Lagoon - Asia’s largest man-made lagoon.
	Registered for a joint venture company “Dean & DeLuca Café Japan Co., Ltd.”
	Founded Pace Management Co., Ltd.
	Commenced construction for a new super luxury development “Nimit Langsuan” on Langsuan Road.
	Founded 2 new subsidiaries of D&D Mount Limited and D&D Fourteen Limited.
	Loans received from Thailand’s Financial Institutions for expanding DEAN & DELUCA with the total amount of THB 1.1 Billion.
	Allocated newly-issued ordinary shares of 176.3 million 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.
	Allocated the newly-issued ordinary shares of 320 million shares at THB 3.00 per share with the total amount of THB 960 million for international private placement investors.
	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.
2017	Founded Dean & DeLuca Small Format Lq. LLC, a subsidiary of Dean & DeLuca Inc.
	Founded Dean & DeLuca Airport Company Limited.
	Received the total investment of 8,441.2 million Baht from Apollo Asia Sprint Holding Company Limited, Goldman Sachs Investments Holdings (Asia) Limited, and Mercer Investments (Singapore) Pte. Ltd. by issuing ordinary shares of the Company’s two subsidiaries namely Pace Project One Company Limited (“Pace One”) and Pace Project Three Company Limited (“Pace Three”) totaling of 7,783.2 million Baht in the form of equity, and received 658 million Baht in the form of loan, in relation to the development and completion of the MahaNakhon project.

### 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>, 2017, the Company has 34 subsidiaries and 3 joint venture companies which can be categorized into the following business lines as follows below:

## The Organization Structure of the Company and Subsidiaries



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 Windshell Naradhiwas on Naradhiwas-Rajanakarin Road, which is expected to be launched in 2018	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	25.50 + 25.50 <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
Pace Project Three Co., Ltd.	Lifestyle retail	Develop lifestyle retail such as MahaNakhon CUBE, Retail Hill, and Sky Observation Deck located in MahaNakhon Tower	25.64 + 25.64 <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

Name of the Company	Business	Type of Business	Proportion of Shareholder (%)
Pace Interior Services Co., Ltd.	Design and interior design	Provide services of design and interior design	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	99.97
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
Dean & DeLuca (Thailand) Co., Ltd.	Gourmet food & beverage	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>2)</sup>
Dean & DeLuca Airport Co., Ltd.	Gourmet food & beverage	Operate gourmet food and beverage business, premium supermarket under brand “DEAN & DELUCA” in the Airport	51 <sup>3)</sup>

Remark:

<sup>1)</sup> Proportion of share held (indirect) by Pace Real Estate Co., Ltd.

<sup>2)</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 2016 and 2017 which is the same type of business – gourmet food and beverages, totaling of 23 subsidiaries and 1 affiliate (joint venture): Dean & DeLuca Inc., Dean & DeLuca Brands, Inc., Dean & DeLuca Marketing, LLC, Dean & DeLuca Atlanta, LLC, Dean & DeLuca Markets, LLC, D&D Cafés of NC, LLC, Dean & DeLuca Georgetown, Inc., Dean & DeLuca Imports, Inc., 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 Fourteen Ltd., Dean & DeLuca Mount Ltd., and Dean & DeLuca Café Japan Co., Ltd. (joint venture).

<sup>3)</sup> Dean and DeLuca Airport Co., Ltd. shares held (indirect) by Dean and DeLuca (Thailand) Co., Ltd. with the proportion of 51% in 2017.

As of December 31<sup>st</sup>, 2017, the Company and its subsidiaries have developed real estate projects that are currently under construction and in selling process totaling 4 projects: (1) MahaNakhon, (2) MahaSamutr, (3) Nimit Langsuan, and (4) Windshell Naradhiwas projects.

In addition, the Company operates the world’s iconic gourmet food and beverage brand called “DEAN & DELUCA”. As of December 31<sup>st</sup>, 2017, the Company owns 10 stores in the USA, 11 stores in Thailand, and owns 17 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 30 stores in Japan (only market format), Singapore, South Korea, Philippines, Kuwait, United Arab Emirates (UAE), Hawaii (USA), Macao, and Bahrain.

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

The Company has no significant relationship or relevance to the business operation of a major shareholder.



# OPERATION OF BUSINESS

## 1 CHARACTERISTICS OF PRODUCTS AND SERVICES

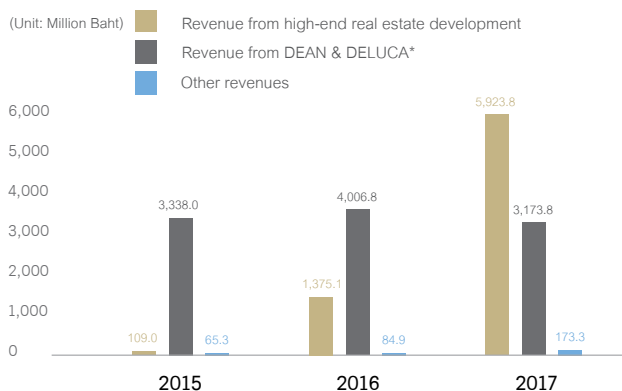
The Company and subsidiaries generate revenues primarily from real estate development for sale, as well as the gourmet food and beverage business, summarized for the last 3 years below:

(Unit: million Baht)

Business	Operated by	% of the Company's Shareholders	2015		2016		2017	
			Revenue	%	Revenue	%	Revenue	%
Revenue from high-end real estate development	The Company and Subsidiaries	100	109.0	3.1	1,375.1	25.1	5,923.8	63.9
Revenue from DEAN & DELUCA *	Subsidiaries	100 and 51	3,338.0	95.0	4,006.8	73.3	3,173.8	34.2
Other Revenues	The Company and Subsidiaries	100	65.3	1.9	84.9	1.6	173.3	1.9
<b>Total Revenues</b>			<b>3,512.3</b>	<b>100.0</b>	<b>5,466.8</b>	<b>100.0</b>	<b>9,270.9</b>	<b>100.0</b>

\* Revenue from DEAN & DELUCA\* consisted of: Dean & DeLuca Inc. (U.S.A.) and Dean & DeLuca (Thailand) Co., Ltd. of which are 100% of the Company's shareholders, and Dean & DeLuca Airport Co., Ltd. of which is 51% of the Company's shareholders.

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



In 2017, the Company generated revenue from sales and transfer of residential condominium units of the MahaNakhon project's "The Ritz-Carlton Residences, Bangkok" and MahaSamutr Villas project in Hua Hin; totaling 5,923.8 million Baht, or an increase of 330.8% as compared with the revenue from sales and transfer of residential condominium units in 2016 of 1,375.1 million Baht. The significant increase was

mainly due to the ability to continually transfer The Ritz-Carlton Residences, Bangkok at MahaNakhon which started since Q2 2016, and to recognize revenue from transfer of MahaSamutr Villas in December 2017.

The revenue from the Food and Beverage business "DEAN & DELUCA" is 3,141.7 million Baht, which decreased 2.9% as compared with the year 2016 of 3,235.5 million Baht. The decrease in revenue this year was due to a drop in sales of DEAN & DELUCA in the U.S. although the revenues of DEAN & DELUCA Thailand and DEAN & DELUCA Airport increased owing to 3 new stores opened: (1) Silom Soi 1, (2) Suvarnabhumi Airport 1, and (3) Airport Suvarnabhumi 2.

The revenue from rental and service income is 16.7 million Baht, an increase of 68.8% as compared with the year 2016 of 53.5 million Baht. This was mainly due to the investment that the Company received from Apollo Asia Sprint Holding Company Limited, Goldman Sachs Investments Holdings (Asia) Limited, and Mercer Investments (Singapore) Pte. Ltd. investing in the Company's subsidiaries namely Pace Project One Company Limited ("Pace One") and Pace Project Three Company

Limited ("Pace Three") in Q1/2017. Therefore, the Company's consolidated financial statements for the year ended December 31, 2017, have been prepared based on loss of control of its 2 subsidiaries since the Interim Financial Information for the three-month and six-month periods ended June 30, 2017 onwards. As a result, the revenue from rental and service income in the year 2017 declined.

In addition, the Company generated other revenues including revenue from trademark and trade name fees totaling of 188.7 million Baht, or a decrease of 76.5% as compared with the year 2016 of 802.7 million Baht. This was mainly due to the Company's subsidiary 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. It also terminated the existing fixed-term License and Distribution Agreement and provided a perpetual Trademark License Agreement, granted a perpetual Trademark License Agreement, and received cash for one-time non-refundable royalty payment in 2016.

The Company and its subsidiaries had 2 completed developments: Ficus Lane project and Saladaeng Residences project. As of December 31<sup>st</sup>, 2017, the Company and its subsidiaries has 4 on-going developments: MahaNakhon, MahaSamutr, Nimit Langsuan, as well as Windshell Naradhiwas projects. The summary of all the projects are as follows.

Projects	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>							
1. MahaNakhon:	Naradhiwas-Rajanakarin Road.	Mixed-use					2011 - 2018
1.1 The Bangkok Edition		5-star luxury boutique hotel	155 keys	Area for services 14,696.64	-	-	2011 - 2018
1.2 The Ritz-Carlton Residences, Bangkok		Super luxury residences	209 residences	47,725.44	15,000	75 *	2011 - 2018
1.3 Lifestyle retail:		Lifestyle retail		Area for services			
- MahaNakhon CUBE		Lifestyle retail	-	5,672.41	-		2011 - 2014
- Podium Experience		Lifestyle retail	-	2,949	-		2011 - 2018
- MahaNakhon Observation Deck		Viewpoint area	-	1,736	-		2011 - 2018
2. 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)
2.1 Luxury Villa		Luxury resort-style villas	80 villas	-	4,000	24 *	2013 - 2018
2.2 Country Club		Luxurious country club	-	-	-	-	2013 - 2018
3. Nimit Langsuan	Langsuan Road	Super luxury condominium	176 residences	25,325	8,000	94 *	2016 - 2019
4. Windshell Naradhiwas	Naradhiwas-Rajanakarin Road	High-rise Residence	36 residences	18,538	3,000	17 *	2016 - 2019

Remark: % of total unit sold.



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 Experience, and roof top 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, 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 3 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 the 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) (50%)	Premium supermarket and gourmet food and beverage in Japan	March, 2016 (since the joint venture agreement)
4. Dean & DeLuca Airport Co., Ltd.	Shareholding (indirect) by Dean & DeLuca (Thailand) Co., Ltd. (51%)	Premium supermarket and gourmet food and beverage in Suvarnabhumi Airport, Thailand.	January, 2017 (since registered a subsidiary)

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

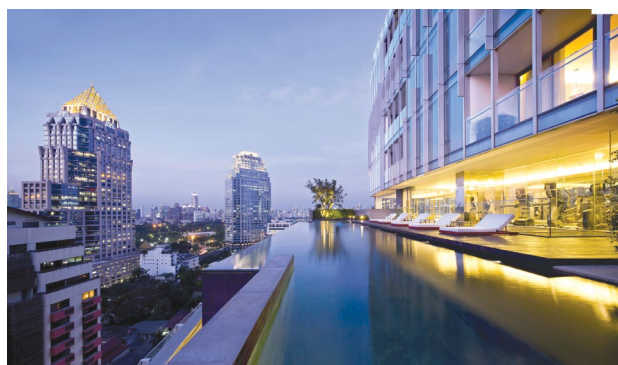


## FICUS LANE

Details of the Project  
(As of December 31<sup>st</sup>, 2017)



Location	Soi Sukhumvit 44/1 (Pichaisawat), Sukhumvit Road, Klong-Toei district, Bangkok
Project area	2-3-57 Rai (1,157 sq.w.)
Project details	Two 7-storey residential buildings with 7 floors above ground and 1 floor below ground
No. of unit	70 residences
Project value for sale	Approx. 900 million Baht
Year of completion	2006
Recognizable portion	100%



## SALADAENG RESIDENCES

Details of the Project  
(As of December 31<sup>st</sup>, 2017)



Location	Soi Saladaeng 1, Silom Road, Silom sub-district, Bang-Rak district, Bangkok
Project area	584 sq.w.
Project details	One residential building with 25 floors above ground and 5 floors below ground
No. of unit	132 residences
Project value for sale	Approx. 2,310 million Baht
Year of completion	2011
Recognizable portion	100%

Presently, the Company is developing high-end projects MahaNakhon, MahaSamutr, Nimit Langsuan, and Windshell Naradhiwas. The details of all projects are as follows:



## MAHANAKHON

Details of the Project  
(As of December 31<sup>st</sup>, 2017)

“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. 14,696.64	Approx. 47,725.44	Retail CUBE: 5,672.41 Podium Experience: 2,949 MahaNakhon Observation Deck: 1,736
Average sales price / sq.m.	Approx. 7,500 Baht / night	Approx. 312,603 Baht	Average Approx. 1,300 - 1,500 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) Podium Experience (1 - 4/F) MahaNakhon Observation Deck (74 - 75/F, 78/F)</p> <p><b>M^A 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 - 2018	2011 - 2018	2011 - 2018
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

Details of the Project  
(As of December 31<sup>st</sup>, 2017)

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	Residential units: 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> , 2017)	100% completed villa, and it's currently under construction and decoration of the country club which is about 77% completed, and the sport club is about 91% completed.



NIMIT LANGSUAN

Details of the Project  
(As of December 31<sup>st</sup>, 2017)

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 façade, wrapping the building in 3 dimensional molded glass to create a timeless and elegant architectural statement. NIMIT Langsuan features homes, ranging from 77-640 square meters and offering 2-4 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 building with 54 floors, 176 residences
Project value for sale	Approx. 8,000 million Baht
Construction period	2016 - 2019
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> , 2017)	Already received EIA and in construction process

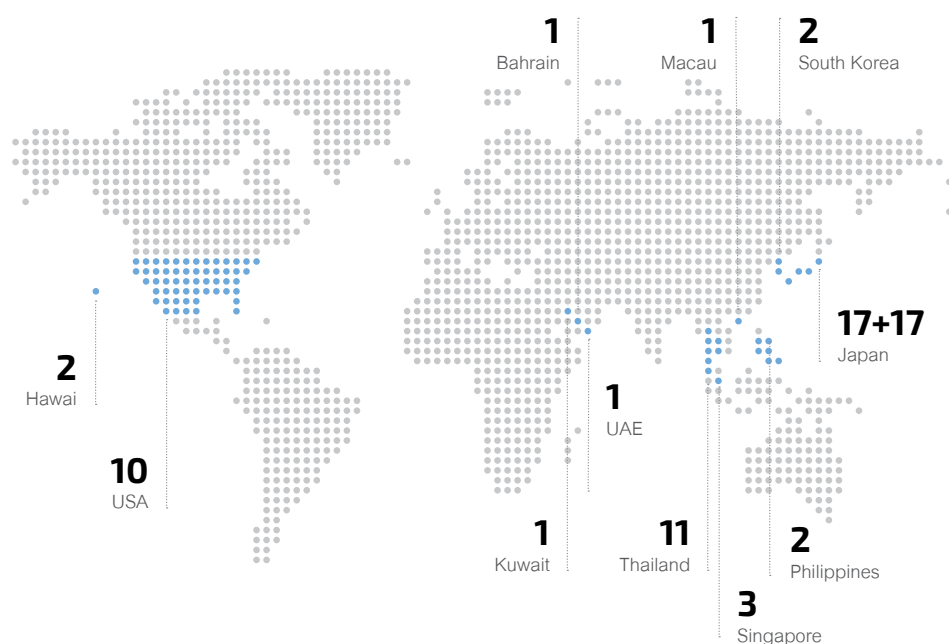
WINDSHELL NARADHIWAS

Details of the Project  
(As of December 31<sup>st</sup>, 2017)

Windshell Naradhiwas is a high-rise residential project with the concept of a tropical stacking home for urban living. Combining the best elements of a house and a condominium for a tropical home in the sky, it provides space, volume, and natural cross-ventilation, featuring both indoor and outdoor living with options of a 455 or 564 square meter duplex. Maximizing privacy, the project has only 36 units, with 2 units per floor and separate lifts. The cross-ventilation design enables natural air flow. Moreover, the project offers customization of interior styles by the sale of bare shell units

Location	On Naradhiwas-Rajanakarin Road
Project area	2 Rai 87.4 sq.w.
Sales price	Starting from 180,000 Baht / sq.m.
Sales price Project details	Condominium with 28 floors and 36 residential units
Size	2 sizes: Small 455 sq.m. and Large 564 sq.m. with options of combining spaces horizontally and vertically of 3,000 sqm.
Project value for sale	Approx. 3,000 million Baht
Construction period	2016 - 2019
Project features	Floor 1 Lobby and Garden Floors 2-9 Car park Floors 10-27 Residences Floor 28 Swimming pool, kids' pool, steam room, communal kitchen, multi-purpose room, fitness, garden, common living area
Progress on construction (as of December 31 <sup>st</sup> , 2017)	Already received EIA and in the construction process of MEP1.

The map below shows the locations of 68 DEAN & DELUCA stores worldwide as of 31 December 2017



As of December 31<sup>st</sup>, 2017, the Company owns 10 stores in USA, 11 stores in Thailand, and is co-owner of 17 stores in Japan in a joint venture agreement with a partner in Japan for café format; totaling 38 stores. Additionally, the Company has sold licenses to officially operate DEAN & DELUCA abroad for licensees including Japan (only Supermarket format), Singapore, South Korea, Philippines, Kuwait, United Arab Emirates (UAE), Hawaii (USA), Macau, and Bahrain totaling a further 30 stores worldwide. As at year end 2017 the total number of DEAN & DELUCA stores worldwide is 68. 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 trade name to its licensees.

## 2 | MARKETING AND COMPETITION

### 1. COMPETITIVE STRATEGY AND PRODUCT DISTRIBUTION

#### 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 real estate development quality control measures combined with innovation, dedication and leadership in design, to match the needs of high-end consumers.

The Company sets pricing based on market conditions comparable to other competitors in the same industry with premiums for innovative designs, 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 Beverages

DEAN & DELUCA offers a wide variety of specialty and gourmet foods 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 on 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.

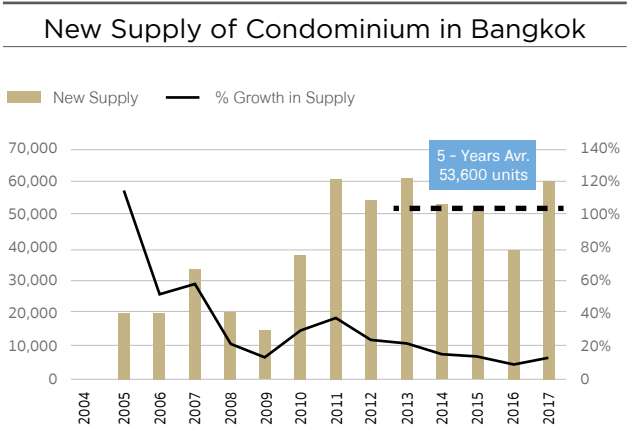
DEAN & DELUCA's founding philosophy is to introduce consumers to high quality food products and prepared foods that are authentic "old world" culinary traditions and were unfamiliar, at that time, in the United States marketplace. Since then, it has evolved into a mission to introduce consumers to culinary trends or products 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

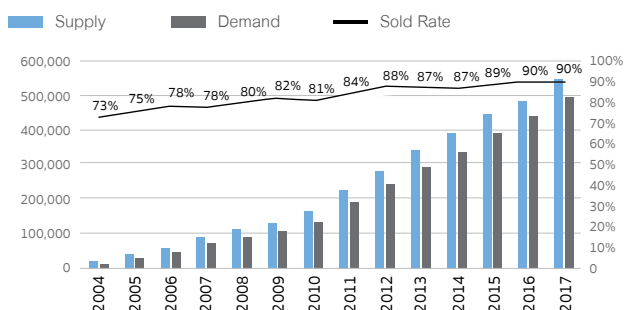
Condominiums were considered as the most popular real estate in 2017. According to Nexus Property Marketing research, the number of new condominium supply launched in 2017 totals 62,700 units from 128 projects, hitting a new high record in 10 years. The number of new condominium supply launch is 15% higher than the average number in the past 5 years (the average number of new condominium supply launched in 2013-2017 is approximately 53,600 units per year). The number of the new supply launch is derived by both large and new developers that continue developing new projects. They also develop many big projects, as a result, an accumulative number of condominium supply in the market totals 550,000 units and continued expanding to locations surrounding the inner city. Top 3 locations where the highest number of condominium supply increases are: 1. Phra Khanong-Suan Luang with 14,400 units or a rise of 23%; 2. Phaya Thai-Ratchadaphisek with 13,200 units and an increase of 21%; and 3. Thon Buri-Petchakasem with 8,900 units or a growth of 14%. The total number of new supply in these 3 locations accounts for 58% of the total number of new condominium supply launched in Bangkok.

Overall demand in 2017 continues to grow. New demand for condominium sales in the market totals 57,300 units, which is 14% higher than average sales in the past 5 years (the average sales of condominium in 2012-2016 was approximately 50,400 units per year). However, the total condominium sales rate in the market stands at 90% (the accumulative sales of condominium in the market rises to 496,100 units). Currently, the total number of condominiums for sales remaining in the market is around 53,900 units.



Source: Nexus Research, December 2017

## Bangkok Condominium Supply, Demand & Sold Rate

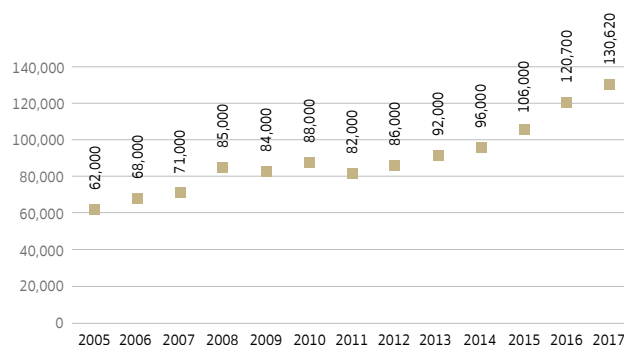


Source: Nexus Research, December 2017

In 2017, an average sales rate of new condominiums launched in the market is approximately 62%. Top 3 locations where the number of condominium units sold is the highest are 1. Phra Khanong-Suan Luang 2. Phaya Thai-Ratchadaphisek 3. Pathumwan-Ratchathewi. The Phra Khanong-Suan Luang area is still a popular location with a great number of new condominium supply launched each year and a consecutive high sales rate as well. The Pathumwan-Ratchathewi area is a location where a sales rate of new condominium launched is the highest at 88%.

In 2017, average selling price of condominium in Bangkok rises in a decreasing rate at 8% or from 121,000 Baht per square meter in 2016 to 130,620 Baht per square meter in 2017. This increase is close to an average increase of condominium price in the past 5 years at 9% per year.

## Average Price Per Square Meter of Bangkok Condominium



Source: Nexus Research, December 2017

## Super-Luxury Condominium Market Overview

Since 2015, there has been a substantial increase in new supply of super-luxury condominiums from the effect of household debt of the lower and middle-classes. Many developers turned to upper-class segments which customers have more purchasing power by launching new projects, priced over 300,000 baht per sq.m., and located in prime inner city or special locations like riverside, with high quality fit outs, extensive facilities and amenities, combined with professional management.

Currently, there is a total of 3,625 units of super-luxury condominium. 50% of which located in the inner area of Sukhumvit from Asoke to Thonglor, followed by Lumpini Park. For Chaophraya River location has fewer newly launched projects due to the land shortage and farther distance from sky train. Number of new supply continues to decrease from 2016 to the first 7 months of 2017.

The sales rate of super-luxury condominium is approximately 65%, replicates the existing demand and potential growth of this segment. Average sales occurred in inner city locations of Sukhumvit and Lumpini, while Chao Phraya River received fewer feedback due to the leasehold conditions.

The majority of super-luxury condominium buyers are Thai. However, with the unstable economy in 2017, Thai buyers with high purchasing power slowed their buying decisions. All developers moved the target to more foreigners to fulfill the portion of Thais, but the ratio for foreign buyers in this market is approximately less than 20%.

## Land Pricing Analysis

According to Agency for Real Estate Affairs, the average land price in greater Bangkok rose 4% in 2017 with an uneven increase in each area. The most increased land prices are the plots along Bangkok Skytrain. While the most expensive locations are Siam Square, Chidlom, Ploenchit and Sukhumvit with an average price of 2.13 million baht per sq.w. Land plots in these locations are now very limited, most of these plots are bought by developers who intend to build luxury condominiums. It is anticipated that reduction in suitable plots for high rise developments combined with demand for land will continue to drive up the cost of land in prime locations in 2018.



Ranking	Zone	Price (baht / sq.w.)	(%) (yoy)
1	Siam Square	2,000,000	5
2	Sukhumvit, Time Square	1,950,000	5
3	Silom	1,700,000	6
4	Wireless Road	1,600,000	7
5	Sathon	1,500,000	7
6	Sukhumvit 21, Asoke	1,400,000	27
7	Yaowarat	1,250,000	4
8	Sukhumvit, Ekamai	1,000,000	5
9	Phaya Thai	900,000	6
10	Phahon Yothin (beginning)	850,000	6

Source: Agency for Real Estate Affairs, May 2017

### Gourmet Food and Beverages 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.

## 3. MARKETING RESEARCH AND COMMUNICATIONS

### 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

#### 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 targeting to open in 2018. 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

(As of December 31<sup>st</sup>, 2017)

Project Name	Project Type	Land Size	Total Units/ Transferred Units or Recognizable Units	% Completion	Undelivered Sold or Leased units		Sales Period (Year)	Construction Period (Year)	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	96	38	3,209.9	2009 - 2018	2011 - 2018	From Q2/2016 onwards
MahaSamutr	Luxury villas and country club	129 Rai 3 Ngan 17.3 sq.w	80 villas and country club membership	- Villa 100 - Country Club 77 - Sport Club 91	17	869.2	2015 - 2018	2013 - 2018 (some parts to be finished in 2015)	From 2017 onwards
Nimit Langsuan	A super luxury residential freehold development	2 Rai 2 Ngan 40.2 sq.w	176 residences	21	166	6,709.3	2015 - 2019	2016 - 2019	From 2019 onwards
Windshell Naradhiwas	A super luxury residential freehold development	2 Rai 87.4 sq.w.	36 residences	20	6	494	2017 - 2019	2016 - 2019	From 2019 onwards

# RISK FACTORS

Risk management is integral to supporting and enabling the Company's strategic objectives. The Executive Committee and the Risk Management Committee are responsible for assessing, controlling, and advising on enterprise risks in PACE's property, hospitality, and food & beverage businesses. In 2017, the Risk Management Committee started to revise the internal risk assessment process by recategorizing risks in order to ensure a complete and long-term view of necessary mitigation measures to support strategic objectives and improve performance.

## 1 STRATEGIC

### PROPERTY & HOSPITALITY BUSINESS

Market volatility, political instability, and increased competition in the property and hospitality business may affect purchasing decisions of both local and international customers. As a luxury property developer, PACE caters to the top market segment of affluent clientele with sustained purchasing power by selecting prime locations, premium quality materials, products, and services. Our continuous development of design-driven luxury experience and strategic partnerships with reputable global brands and operators differentiate our world-class brand and marketing.

### FOOD & BEVERAGE BUSINESS

The Company aimed to expand DEAN & DELUCA in the US, Thailand and internationally with the build out of new stores, the launch of a new food concept, market consumer products, and signing international licensing in new territories. As expansion requires sufficient capital, the Company focused on proper recapitalization by combination of restructuring the Company's liabilities to stabilize its operations and obtain sufficient capital. Moreover, to continuously strengthen the strategy in a competitive environment, the Company has been identifying the right locations that will allow for successful opening of new stores, strengthening new consumer product offerings by continuing to reinforce its core value and find appropriate

distribution channels, as well as improving the operations by simplifying its business structure to reduce unnecessary costs, increase margins and maximize operational efficiency through organizational restructuring, improvement in inventory and cash flow management, and closure of non-performing stores.

## 2 OPERATIONAL

### PROPERTY & HOSPITALITY BUSINESS

#### Project Delay

The large-scale construction of our real estate projects features world-class design and global standard premium quality, using construction management and contractor teams that require a high degree of teamwork. The risk of project delay lies in the planning, communication, and review process of construction. In response to the delay, the Company has conducted weekly meetings to address and solve issues immediately, strengthened relationships with customers by updating information and responding to inquiries and feedback, and managing financial costs associated.

#### Cost Increase

The majority of the cost of construction consists of the cost of labor and construction materials. The risk of cost increase would affect the overall construction cost and profitability. The Company mitigates this risk by selecting and maintaining strong relationships with reputable contractors and suppliers with long-term contracts.

#### Terrorism

Given the on-going issue of terrorist attacks in the popular tourist destinations around the world, the hospitality business must consider risk and mitigation. As the owner of one of the tallest buildings in the region soon to be launched as a tourist destination, the Company recognizes the risk exposure and has developed emergency and business continuity plans as well as communication channels with its operating business partners and related parties.



## FOOD & BEVERAGE BUSINESS

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### Human Resources to Support Business Expansion

The competitive food business environment could lead to the inability to fill required positions effectively to meet the expected growth and strategic objectives of DEAN & DELUCA operations and expansion plans. New federal labor requirements in the US may lead to higher human capital costs for US operations.

To reduce risks, the Company is developing a new human resource strategy to be relevant among the labor pool. The Company is also implementing organizational restructuring and balancing the criteria for required skills with the labor cost.

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## 3 FINANCIAL

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### ABILITY TO PAY DEBT

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In 2017, investor confidence in the market for short and long-term bonds was affected by the risk of various companies' inability to meet covenants. This also impacted investor confidence in PACE, which has issued a Bill of Exchange and corporate bonds. PACE's high level of debt was also a concern for investors in terms of not being able to pay debt like other companies. Nonetheless, PACE's real estate projects, such as MahaNakhon (with revenue recognition since 2016) and MahaSamutr Villas, are near completion and ready to be transferred to customers. Moreover, PACE is also in the process of completing the construction of Nimit Langsuan and Windshell Narathiwas for sales, as well as MahaSamutr Country Club, the Bangkok EDITION, and the MahaNakhon Observation Deck for the launch of services. The total value of PACE's projects far exceeds the total debt.

The Company has been working closely with financial institutions to mitigate the risk of not meeting debt covenants. Furthermore, the Company planned to increase capital via a Rights Offering (RO) not exceeding 7,516,056,394 shares and a Private Placement (PP) not exceeding 1,500,000,000 shares. If completed, the debt to equity ratio would decrease.

### ABILITY TO PAY DIVIDEND

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The Company is in the process of developing large real estate projects such as MahaNakhon, MahaSamutr, Nimit Langsuan, and Windshell Narathiwas, with the total value of approximately THB 30 billion. The revenue recognition for MahaNakhon started in 2016 and will be completed in 2018. The revenue recognition for MahaSamutr Villas started in 2017 and will also be completed in 2018. The remaining two projects are expected to be completed in 2019, which may result in showing a net loss and inability to pay dividend. Nevertheless, if the Company is able to recognize revenue from MahaNakhon and MahaSamutr, and successfully increase capital according to plan, it is expected to be profitable and pay out dividend based on retained earnings. If the Company posts a profit and is not restricted to obligations with financial institutions, it would be able to pay dividend according to the company policy.



## 4 COMPLIANCE

### BUILDING PERMITS

Property development requires relevant construction and building permits throughout the project process. The risk of not obtaining necessary permits would affect the project timeline, customer satisfaction, revenues, and stakeholder trust. The Company ensures compliance and timely processing of permit application and approval by studying and monitoring regulations and changes, engaging with related government agencies and consultants, and integrating necessary tasks and resources to project planning and progress review.

### CORRUPTION

In engaging with various government agencies as a property developer, bribery and corruption are a risk to non-compliance. The Company has signed a declaration to participate in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and has been conducting self-evaluation to further improve its internal controls and processes to prevent illegal and unethical conduct. It provides anti-corruption training among employees annually to strengthen understanding and foster an anti-corruption corporate culture. The Company also has a whistleblowing mechanism in place for both internal and external stakeholders to anonymously report any suspicious activity.

### RISK OF MAJORITY SHAREHOLDERS

As a large portion of shares (43.27%) and votes carried by them are held by the Techakraisri family, the majority shareholders could exercise rights for their own benefit through directing the Company's policies and business decisions. However, according to the Notification of the Capital Market Supervisory Board No. TorChor. 7/2552 Re: Acting in concert as a result of the nature of a relationship or behavior, the Company has put in place a preventive structural mechanism against related party transactions and acting in concert. The governance structure consists of the Board of Directors, the Audit Committee, the Risk Management Committee, and the Nomination and Remuneration Committee, clearly defining the level of control



of each director of the Board. The Audit Committee comprises three independent directors with skills and experience in budgeting and other financial reporting, which are essential for the structure of the Board to be effective, transparent, and accountable. Moreover, the Board of Directors continuously support of the development of the Company's internal controls for good corporate governance.

## 5 ENVIRONMENTAL

### CLIMATE CHANGE

Climate Change, observed as increasingly unpredictable and severe weather events, as well as more frequent natural disasters, could affect supply chain and operations of all our businesses. PACE's real estate projects have previously been affected by heavy rains, flooding, and landslides. The Company works closely with contractors and suppliers to ensure supply and project progress by maintaining preventive mechanisms.

### ENVIRONMENT, HEALTH, AND SAFETY

Accidents and environmental impact at and around construction sites, including noise and dust, are a risk to workers, surrounding communities, and the natural habitat. To minimize our environmental impact, PACE and our reputable contractors not only comply with local laws and regulations, but also to international standards and best practices by closely monitoring work progress and its impact on stakeholders and natural surroundings. We have also strengthened our grievance mechanism and stakeholder engagement to provide relevant and timely information, using feedback to continuously improve our process and maintain stakeholder relationships.

# INTERNAL CONTROL AND RISK MANAGEMENT

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## 1 OPINIONS OF BOARD OF DIRECTORS AND AUDIT COMMITTEE

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In the meeting of the Board of Directors (BOD) number 7/2018 on 28 February 2018, 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 pose a threat to the Company's performance or reputation. The Risk Management Committee is obliged to report directly to the Board of Directors.

### 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 related parties, the Company will strictly follow the approval regulation with the Company's interest as the ultimate consideration and as if the transaction was being done with other unrelated parties.

#### 4. INFORMATION & COMMUNICATION

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

#### 5. MONITORING ACTIVITIES

The Company has the meeting of the Board of Directors (BOD) arranged 14 meeting and the meeting of the Audit Committee arranged 5 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 every quarter. 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.

## 2 HEAD OF INTERNAL AUDITS AND HEAD OF COMPLIANCE

### Head of Audits

Miss Montakan Teannetun  
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 31 December 2017, the Company has registered capital of 16,782,648,000 Baht, comprising of 16,782,648,000 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 29 December 2017 are shown below:

SHAREHOLDER'S NAME	Number of shares	%
<b>Group of Techakraisri's family</b>		
1. Mr. Sorapoj Techakraisri	1,361,174,032	36.22
2. Mrs. Yupa Techakraisri	158,289,114	4.21
3. Mr. Sumate Techakraisri	106,572,446	2.84
4. Mr. Chotipol Techakraisri <sup>1)</sup>	245,084	0.01
<b>Total shares owned by Group of Techakraisri's family</b>	<b>1,626,280,676</b>	<b>43.27</b>
5. Mr. Wiwat Kraipisitkul	277,658,004	7.39
6. Mr. Korsak Chairassameesak	114,190,000	3.04
7. Mrs. Nuchara Vayakornvichitre	103,619,310	2.76
8. BANK LOMBARD ODIER & CO LTD	80,648,600	2.15
9. Thai NVDR Co., Ltd.	77,963,859	2.07
10. Mr. Wichai Vachirapong.	55,948,700	1.49
11. Mr. Somsak Vayakornvichitre	48,325,221	1.29
12. Mr. CHANTHANOME PHOMMANY	42,324,000	1.12
13. Others	1,331,069,827	35.42
<b>Total</b>	<b>3,758,028,197</b>	<b>100.00</b>

Note: <sup>1)</sup> Including shareholding of spouse.

### 3 DIVIDEND POLICY

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

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

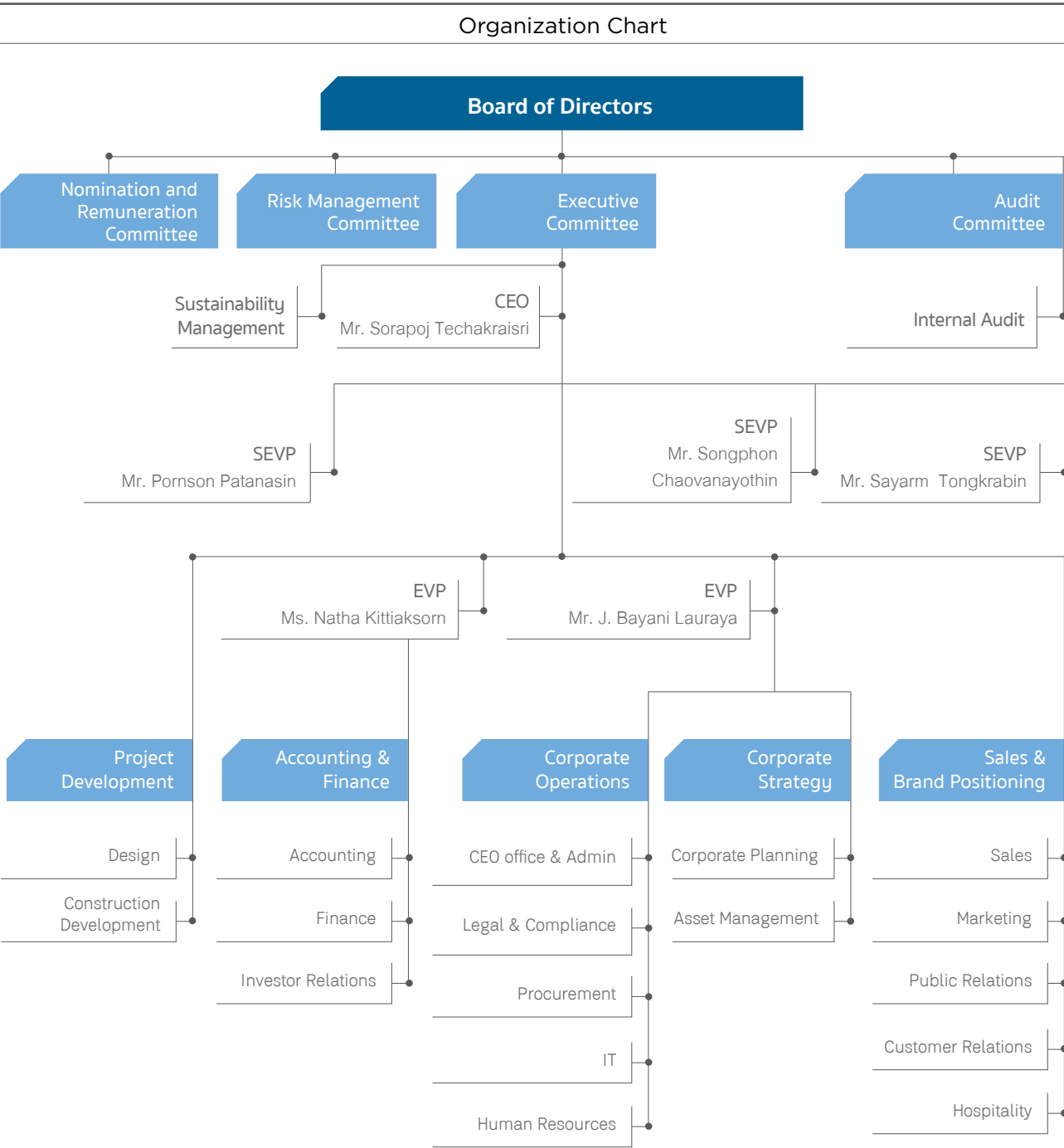
#### 2. DIVIDEND POLICY OF SUBSIDIARIES

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

Therefore, Pace One, Pace Two, Pace Three, 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





## 1 BOARD OF DIRECTORS

As of 31 December 2017, the Company's Board of Directors consists of 9 members as following below:

Name	Position	Number of Meeting Held	Number of Meeting Attended
1. Mr. Kraithip Krairiksh	Chairman of the Board / Independent Director	14	12
2. Mr. Chotipol Techakraisri	Vice Chairman of the Board	14	14
3. Mr. Sorapoj Techakraisri	Director	14	12
4. Mr. Chumpol Techakraisri	Director	14	14
5. Mr. Theera Vayakornvichitre	Director	14	13
6. Mr. Pornson Patanasin	Director	14	13
7. Mrs. Ladda Siriwattanakosol	Director, Chairman of Audit Committee, and Independent Director	14	12
8. Mr. Prasert Patradhilok	Director, Member of Audit Committee, and Independent Director	14	14
9. Mr. Wisit Kanjanopas *	Director, Member of Audit Committee, and Independent Director	3	2

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:
  - 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.
  - Having delegation of authorities from the Board of Directors to Management

Company Secretary is Mr. Sarath Pavorndechapong.

\* Has been appointed to be director, independent director and member of Audit Committee effective from 7 November 2017 onwards.

## 2 MANAGEMENT

As of 10 January 2018, the Company's Management Team consists of 6 members as following below:

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. Mr. Sayarm Tongkrabin *	SEVP
5. Ms. Natha Kittiakson	EVP / Chief Financial Officer
6. 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.

\* Has been appointed to be Senior Executive Vice President effective from 10 January 2018 onwards.

### 3 COMPANY SECRETARY

The Board of Directors' Meeting No. 1/2011, held on 21 September 2011, appointed Mr. Sarath Pavorndechapong to be the Company Secretary so as to conform to 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.

### 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/Time
CHAIRMAN	12,000
MEMBER	10,000

### The Directors' Compensation in 2017

2017					
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 <sup>1)</sup>	12/14	1/1	-	-	392,000
2. Mr. Chotipol Techakraisri	14/14	-	4/4	2/2	368,000
3. Mr. Sorapoj Techakraisri	14/14	-	4/4	2/2	368,000
4. Mr. Chumpol Techakraisri	14/14	-	-	-	320,000
5. Mr. Theera Vayakornvichitre	13/14	-	-	-	310,000
6. Mr. Pornson Patanasin	13/14	-	-	-	310,000
7. Mrs. Ladda Siri wattanakosol	12/14	5/5	4/4	2/2	388,000
8. Mr. Prasert Patradhilok	14/14	5/5	4/4	2/2	408,000
9. Mr. Wisit Kanjanopas <sup>2)</sup>	2/3	0/1	-	1/1	54,902
10. Ms. Benjaporn Prisuwan <sup>3)</sup>	3/3	2/2	1/1	1/1	95,000

Note: <sup>1)</sup> Has been appointed to be Chairman of Audit Committee effective from 7 June 2017 and resigned from such position effective from 7 November 2017.

<sup>2)</sup> Has been appointed to be Director, Independent Director and Member of Audit Committee effective from 7 November 2017 onwards.

<sup>3)</sup> Resigned from Director, Independent Director and Member of Audit Committee effective from 8 March 2017 onwards.

## 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 2016 and 2017, the Company provided compensation to its executives in the form of salary, bonus, and other compensation for 5 executives in the amount of 46.6 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>, 2017, the Company had total employees of 167 people, and paid the compensations with the total amount of 369.9 million Baht of which consists of salary, the cost of living allowance, bonus, social security funds, and provident funds, etc.

### Number of Employees and Compensation

	Company	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	
2017	PACE Development Corporation PLC.	PACE Country Club Co., Ltd.	PACE Interior Services Co., Ltd.	Dean & DeLuca (Thailand) Co., Ltd.	Dean & DeLuca Airport Co., Ltd.	Dean & DeLuca INC.	YLP Co., Ltd.	PACE Creative Agency Co., Ltd.	Total
Operation Employee (person)	156	36	309	319	74	714	9	14	1,631
Executive Management (person)	11	5	2	3	-	11	1	0	33
Total (person)	167	41	311	322	74	725	10	14	1,664
Total of Compensation (million baht)	369.9	23.3	52.4	114.9	14.5	965 *	12.2	19.8	1,572

Remark: \* USD 29,576,643, The exchange rate of a commercial bank as of December 29<sup>th</sup>, 2017

### Number of Employees in each Function

Unit: Person

Functional Line	31 Dec 2017
Executives of the Company and Its Subsidiaries	6
Accounting - Finance	24
Public Relations - Marketing	12
Sales	8
Legal	10
Design - Construction	31
Technical Management	7
Administration	25
Procurement	6
Internal Audit	3
Human Resources	5
CEO Office	11
Property Management	4
Hospitality Development	6
Sustainability Management	2
Compliance	1
Investor Relations	1
Corporate Strategy	5
Total	167

## 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 2017 are shown below:

Unit: Million Baht

Type of Compensation	2017
Salary, bonus, and other	362
Contribution to provident funds *	7.9
Total	369.9

Note: \* The Company established a provident fund for employee on 1 October 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 team players that are knowledgeable, skillful, experienced in subject matters supporting the

Company's business conducts, and decisive. These desirable characteristics will be collectively merged together to form a solid corporate culture. Human resource development indeed starts with a proper hiring process that is able to identify preferred candidates with knowledge, skills, and attributes that correspond with the Company's culture.

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

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

## Detail of Executive and Controlling Persons of the Company



Mr. Kraithip Krairiksh	Chairman of the Board / Independent Director	Age 64
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### Educational Background

- Master's Degree in Economics, Northeastern University, USA
- Bachelor's Degree in Economics (B.A.), Tufts University, USA
- 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 (Business Type)
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 Chaiphum 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	Vice Chairman of the Board / Authorized Director	Age 41
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**Educational Background**

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

**Starting Date of Directorship**

19 September 2011

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

0.01 (by spouse 245,084 shares)

**Relationship Between the Executive**

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

**Work Experience in the Past 5 Years**

Duration	Position	Name of Organization/Company (Business Type)
2011 - Present	Vice Chairman of the Board / Director	Pace Development Corporation Public Company Limited (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 (Restaurant)
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	Chief Executive Officer / Authorized Director	Age 40
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**Educational Background**

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

**Work Experience in the Past 5 Years**

Duration	Position	Name of Organization/Company (Business Type)
2011 - Present	Director / Chief Executive Officer	Pace Development Corporation Public Company Limited (Property development)

**Current Position in Listed Companies**

-

**Starting Date of Directorship**

19 September 2011

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

36.22 (by himself 1,361,174,032 shares)

**Relationship Between the Executive**

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

**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 (Restaurant)
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)

<b>Mr. Chumpol Techakraisri</b>	Authorized Director	Age 38
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**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> (%)**

-

**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 (Business Type)
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)

<b>Mrs. Ladda Siri wattanakosol</b>	Independent Director / Chairman of Audit Committee / Expert on Financial Accounting	Age 61
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**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

**Work Experience in the Past 5 Years**

Duration	Position	Name of Organization/Company (Business Type)
2011 - Present	Independent Director / Chairman of Audit Committee	Pace Development Corporation Public Company Limited (Property development)

**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)
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**Current Position in Non - Listed Companies**

-

**Starting Date of Directorship**

19 September 2011

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

-

**Relationship Between the Executive**

-

<b>Mr. Prasert Patradhilok</b>	Independent Director / Audit Committee / Expert on Financial Accounting	Age 61
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**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 (Business Type)
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)

<b>Mr. Wisit Kanjanopas</b>	Independent Director / Audit Committee	Age 55
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**Educational Background**

- Master of Laws, Monash University, Melbourne, Australia
- Master's Degree in Laws, Chulalongkorn University
- Bachelor's Degree in Laws, Thammasat University
- Barrister-at-Law, The Institute of Legal Education

**Starting Date of Directorship**

7 November 2017

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

-

**Relationship Between the Executive**

-

**Work Experience in the Past 5 Years**

Duration	Position	Name of Organization/Company (Business Type)
2017 - Present	Independent Director / Audit Committee	Pace Development Corporation Public Company Limited (Property Development)
2009 - Present	Attorney at Law and Counsel	W&S International Law Office, Bangkok (Legal consultant)

**Current Position in Listed Companies**

-

**Current Position in Non - Listed Companies**

-

<b>Mr. Theera Vayakornvichitre</b>	Director	Age 40
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**Educational Background**

- Master's Degree in Finance, Thammasat University
- Bachelor's Degree in Finance, Thammasat University
- Director Accreditation Program (DAP), class 91/2011

**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 (Business Type)
2011 - Present	Director	Pace Development Corporation Public Company Limited (Property Development)
2016 - 2017	Director	Hi Prestige Company Limited (Trading)
2003 - 2017	Director	Sansanee Industries Company Limited (Clothing export)
2001 - 2017	Director / Managing Director	Dynasty Apparel Company Limited (Manufacturer)

**Current Position in Listed Companies**

-

**Current Position in Non - Listed Companies**

2002 - Present	Director	Fierce Publishing Company Limited (Publication)
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**Mr. Pornson Patanasin**

Director / Senior Executive Vice President

Age 57

**Educational Background**

- 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 2011

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

-

**Relationship Between the Executive**

-

**Work Experience in the Past 5 Years**

Duration	Position	Name of Organization/Company (Business Type)
2011 - Present	Director / Senior Executive Vice President	Pace Development Corporation Public Company Limited (Property Development)

**Current Position in Listed Companies**

-

**Current Position in Non - Listed Companies**

2005 - Present	Director	Complete Data System Company Limited (Computer system service)
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**Mr. Songphon Chaovanayothin**

Senior Executive Vice President / CRM

Age 43

**Educational Background**

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

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

-

**Relationship Between the Executive**

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

**Work Experience in the Past 5 Years**

Duration	Position	Name of Organization/Company (Business Type)
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)

<b>Mr. Sayarm Tongkrabin</b>	Senior Executive Vice President	Age 46
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**Educational Background**

- Master's degree in Real Estate & Construction Management, University of Denver, USA
- Bachelor's degree in Business Administration (Property Insurance), Assumption University
- Director Certification Program (DCP), class 205/2015

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

-

**Relationship Between the Executive**

-

**Work Experience in the Past 5 Years**

Duration	Position	Name of Organization/Company (Business Type)
2018 - Present	Senior Executive Vice President	Pace Development Corporation Public Company Limited (Property development)
2013 - Present	Director	1 Tiger Hold Company Limited (Invest, develop, sell, lease real estate)
2013 - Present	Director	1 Tiger Prop Company Limited (Invest, develop, sell, lease real estate)
2013 - Present	Director	2 Tiger Prop Company Limited (Invest, develop, sell, lease real estate)
2013 - Present	Director	Guidance Real Estate (Thailand) Company Limited (Invest, develop, sell, lease real estate)
2011 - 2013	Chief Operating Officer	Evolution Capital Public Company Limited (Investment management, Real estate development and Food & beverages)

<b>Ms. Natha Kittiaksom</b>	Executive Vice President / Chief Financial Officer	Age 49
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**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 (Business Type)
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)

<b>Mr. J. Bayani Lauraya</b>	Executive Vice President / Chief Operating Officer	Age 54
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**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 (Business Type)
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)

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



**Changes in PACE Shares Held by Directors and Management in 2017**

No.	Name	Position	Shareholding as of 31 December 2016	Shareholding as of 31 December 2017	Increase / (Decrease) in Share in 2017	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	18,089,278	-	(18,089,278)	-
	Spouse and Minor Children		245,084	245,084	-	0.01
3	Mr. Sorapoj Techakraisri	Director / Chief Executive Officer	1,326,855,937	1,361,174,032	34,318,095	36.22
	Spouse and Minor Children		-	-	-	-
4	Mr. Chumpol Techakraisri	Director	12,288,190	-	(12,288,190)	-
	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	Mr. Wisit Kanjanopas <sup>1)</sup>	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	Mr. Sayarm Tongkrabin <sup>2)</sup>	Senior Executive Vice President	-	-	-	-
	Spouse and Minor Children		-	-	-	-
12	Miss Natha Kittiaksom	Executive Vice President / Chief Financial Officer	-	-	-	-
	Spouse and Minor Children		-	-	-	-
13	Mr. J. Bayani Lauraya	Executive Vice President / Chief Operating Officer	-	-	-	-
	Spouse and Minor Children		-	-	-	-

<sup>1)</sup> Has been appointed to be Director Independent Director and Audit Committee effective from 7 November 2017 onwards.

<sup>2)</sup> Has been appointed to be Senior Executive Vice President effective from 10 January 2018 onwards.

Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (31 December 2017)

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
1. Mr. Kraithip Krairiksh	/																				
2. Mr. Chotipol Techakraisri	//, ///, Y	///, XX	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///
3. Mr. Sorapoj Techakraisri	//, ///, X, Y	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///
4. Mr. Chumpol Techakraisri	//, ///, Y	///	///	///	///	///	///	///	///	///	///	///	///	///	///	///					
5. Mrs. Ladda Siriwattanakosol	//, ///																				
6. Mr. Prasert Patradhlok	//, ///																				
7. Mr. Wisit Kanjanopas <sup>1)</sup>	//, ///																				
8. Mr. Theera Vayakornvichitre	//, Y																		///		
9. Mr. Pornson Patanasin	//, Y, YY																				
10. Mr. Songphon Chaovanayothin	YY																				
11. Mr. Sayarn Tongkrabin <sup>2)</sup>	YY																				
12. Ms. Natha Kittakorn	YY																				
13. 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

<sup>1)</sup> Has been appointed to be Director Independent Director and Audit Committee effective from 7 November 2017 onwards.

<sup>2)</sup> Has been appointed to be Senior Executive Vice President effective from 10 January 2018 onwards.

- |  |  |  |
|--|--|--|
| 1. Pace Development Corporation Public Company Limited | 8. Pace Interior Services Company Limited      | 15. Chadsan Phansuan Company Limited                   |
| 2. YLP Company Limited                                 | 9. Pace Food Retail Company Limited            | 16. MFT Development Company Limited                    |
| 3. Pace Real Estate Company Limited                    | 10. Dean and Deluca (Thailand) Company Limited | 17. Fourteen Points Company Limited                    |
| 4. Pace Project One Company Limited                    | 11. Pace Creative Agency Company Limited       | 18. Pace Development Company Limited                   |
| 5. Pace Project Two Company Limited                    | 12. Pace Management Company Limited            | 19. Fierce Publishing Company Limited                  |
| 6. Pace Project Three Company Limited                  | 13. Dean & Deluca Airport Company Limited      | 20. Mittraphap Bangplee Transportation Company Limited |
| 7. Pace Country Club Company Limited                   | 14. Cinkara Property Company Limited           | 21. MahaNakhon Bespoke Tailoring Company Limited       |

Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (31 December 2017)

Board Of Directors	1	Associated Companies																				
		22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42
1. Mr. Kraithip Krairiksh	/	///	/	///	///	///	//								///							
2. Mr. Chotipol Techakraisri	//, ///, Y																					
3. Mr. Sorapoj Techakraisri	//, ///, X, Y																					
4. Mr. Chumpol Techakraisri	//, ///, Y	///, YY																				
5. Mrs. Ladda Siriwattanakosol	//, ///							///														
6. Mr. Prasert Patradhlok	//, ///							///	///	///	///	///	///	///	///	///						
7. Mr. Wisit Kanjanopas <sup>1)</sup>	//, ///																					
8. Mr. Theera Vayakornvichitre	//, Y																					
9. Mr. Pomson Patanasin	//, Y, YY																//					
10. Mr. Songphon Chaovanayothin	YY																	///				
11. Mr. Sayarn Tongkrabin <sup>2)</sup>	YY																		///	///	///	///
12. Ms. Natha Kittakorn	YY																					
13. 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

<sup>1)</sup> Has been appointed to be Director Independent Director and Audit Committee effective from 7 November 2017 onwards.

<sup>2)</sup> Has been appointed to be Senior Executive Vice President effective from 10 January 2018 onwards.

22. T.Krungthai Industries Public Company Limited	29. Wave Entertainment Public Company Limited	37. Complete Data System Company Limited
23. Major Cineplex Group Public Company Limited	30. Kindred Company Limited	38. Lean Enterprise Company Limited
24. KT ZMICO Securities Company Limited	31. Boutique Newcity Public Company Limited	39. 1 Tiger Hold Company Limited
25. Samitivej Public Company Limited	32. Plus Advisory Company Limited	40. 1 Tiger Prop Company Limited
26. Vanachai Group Public Company Limited	33. Fancy Wood Industries Public Company Limited	41. 2 Tiger Prop Company Limited
27. ASEAN Potash Chaiyaphum Public Company Limited	34. Robinson Planner Company limited	42. Guidance Real Estate (Thailand) Company Limited
28. Industrial and Commercial Bank of China (Thai) Public Company Limited	35. Advance Energy Plus Company Limited	
	36. Advisory Plus 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 47.57%, 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 2017, the meeting was held on 26 April 2017, where Chairman of the Board of Directors, Chairman of Audit Committee, 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 & Partners 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.

### PRINCIPLE 2 FAIR TREATMENT OF SHAREHOLDERS

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

1. Facilitate minority shareholders to nominate directors and suggest additional agenda before the commencement of the shareholder meeting.
2. Determine a clear rule in advance as to whether and how to add additional agenda suggested by minority shareholders into the existing agenda, and as to how minority shareholders can nominate candidates for the Company's directors.

The Company provides channel for shareholders to propose agenda item and nominate person for election

as a director for the 2018 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 3

### RESPONSIBILITIES TO STAKEHOLDERS

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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 the 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, four 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 BOARDS STRUCTURE

The Company's board structure consists of 5 committees, which are

1. Board of Directors
2. Audit Committee
3. Executive Committee
4. Nomination and Remuneration Committee
5. Risk Management Committee

### 1. BOARD OF DIRECTORS

As of 31 December 2017, the Company's Board of Directors consists of 9 members as follows:

Name	Position
1. Mr. Kraithip Krairiksh	Chairman of the Board and Independent Director
2. Mr. Chotipol Techakraisri	Vice Chairman of the Board
3. Mr. Sorapoj Techakraisri	Director
4. Mr. Chumpol Techakraisri	Director
5. Mr. Theera Vayakornvichitre	Director
6. Mr. Pornson Patanasin	Director
7. Mrs. Ladda Siri wattanakosol	Director, Chairman of Audit Committee and Independent Director
8. Mr. Prasert Patradhilok	Director, Member of Audit Committee and Independent Director
9. Mr. Wisit Kanjanopas*	Director, Member of Audit Committee and Independent Director

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

\* Has been appointed to be director, independent director and member of Audit Committee effective from 7 November 2017 onwards.

### 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 21 September, 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 2017, there is no issue regarding performance and management which must convene non-executive directors' meeting.

## 2. AUDIT COMMITTEE

As of 31 December 2017, the Audit Committee consists of 3 members as follows:

Name	Position
1. Mrs. Ladda Siriwattanakosol*	Chairman of Audit Committee
2. Mr. Prasert Patradhlok*	Member of Audit Committee
3. Mr. Wisit Kanjanopas	Member of Audit Committee

Note: \*Mrs. Ladda Siriwattanakosol and Mr. Prasert Patradhlok are the member of the Audit Committee who have knowledge and experience in Accounting or Finance  
Ms. Montakan Teannetinun appointed as secretary of the Audit Committee on 25 December 2013

#### Authorities, Roles, and Responsibilities of Audit Committee

The Board of Directors' Meeting no. 1/2016, held on 7 January 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 years 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.

### 3. EXECUTIVE COMMITTEE

As of 31 December 2017, the Executive Committee consists of 5 members as follows:

Name	Position
1. Mr. Chotipol Techakraisri	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 Pavomdechpong appointed as secretary of Executive Committee on 21 September, 2011.

#### Authorities, Roles, and Responsibilities of Executive Committee

The Board of directors' Meeting no. 1/2011 held on 21 September, 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 time frame
  - 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 3 years since the appointment date. Members of Executive Committee whose term has expired can be reappointed.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

As of 31 December 2017, the Nomination and Remuneration Committee consists of 5 members as follows:

Name	Position
1. Mr. Wisit Kanjanopas	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 20 March 2012

#### Authorities, Roles, and Responsibilities of Nomination and Remuneration Committee

The Board of Directors' Meeting no. 3/2017 held on 28 February 2017, 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 Chief Executive Officer (CEO) with suitable, clear and transparent manner and present to the Board of Director meeting and/or the Annual General Meeting for approval by
  - a) Board of Directors shall approve compensation and other benefits of (CEO).
  - b) Compensation and other benefits of the Board of Directors shall be presented in the Annual General Meeting.
- To screen the evaluation of the CEO and top executives on annual basis and present to the Board of Directors for consideration.
- To self-assess the performance of Nomination and Remuneration Committee on regular basis.
- To act any other tasks related to remuneration as assigned by the Board of Directors.
- To consider the Board of Directors' structure including appropriate number of board members to fit with the business type and complexity as well as qualifications of individual director in accordance with SET's regulation and good corporate governance.
- To consider and set up director development and training program ensuring that their key roles and gain updated information on business environment, law and related regulation among other things.
- To formulate succession plan ensuring business continuity when the current directors and top managements retired or are not able to perform their duties for any reason.

The Nomination and Remuneration Committee reports directly to the Boards of Directors. The term of each member of Nomination and Remuneration Committee is 3 years since the appointment date. Member of Nomination and Remuneration Committee whose term has expired can be reappointed.



## 5. RISK MANAGEMENT COMMITTEE

As of 31 December 2017, the Risk Management Committee consists of 5 members as follows:

Name	Position
1. Mr. Prasert Patradhilok	Chairman of Risk Management Committee
2. Mrs. Ladda Siri Wattanakosol	Member of Risk Management Committee
3. Mr. Wisit Kanjanopas	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 21 September 2011

### Authorities, Roles, and Responsibilities of Risk Management Committee

The Board of Directors' Meeting no. 3/2017 held on 28 February 2017, 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 operation risk, financial risk, marketing risk, investment risk, reputation risk, and corruption 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 3 years since the appointment date. Members of Risk Management Committee whose term has expired can be reappointed.



### 3 SELECTION OF DIRECTORS AND MANAGEMENT

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 of 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. 3/2560 on Determination of Untrustworthy Characteristics of Company Directors and Executives (and subsequent amendments).

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

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 THE AUDIT COMMITTEE

1. The 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 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 3-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 3-year term, and can be reappointed once after the expiration of term. Reappointment is subjected to the approval of the Board of Directors.

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## 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.

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## 5 CONTROLLING MEASURES FOR THE USE OF INTERNAL INFORMATION

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

1. Educate the Company's directors, executives, and managers in charge of Accounting or Finance Department with the rank of First Vice President and higher about the duty to prepare and submit the report of securities holding of oneself, spouses, and minor children to the SEC and SET according to the rules defined in Chapter 59 and penalty clauses in Chapter 275 of the Securities and Exchange Act B.E. 2535
2. The Company requires directors, executives, and managers in charge of Accounting or Finance Department with the rank of First Vice President and higher to always prepare and submit the report of securities holding of oneself, spouses, and minor children through 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.

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## 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 2017 of the Company and its subsidiaries in Thailand totals 9 million Baht and the subsidiaries in USA total amount USD 250,000. The Company and its subsidiaries have no the expense of non-audit fee for the year 2017.

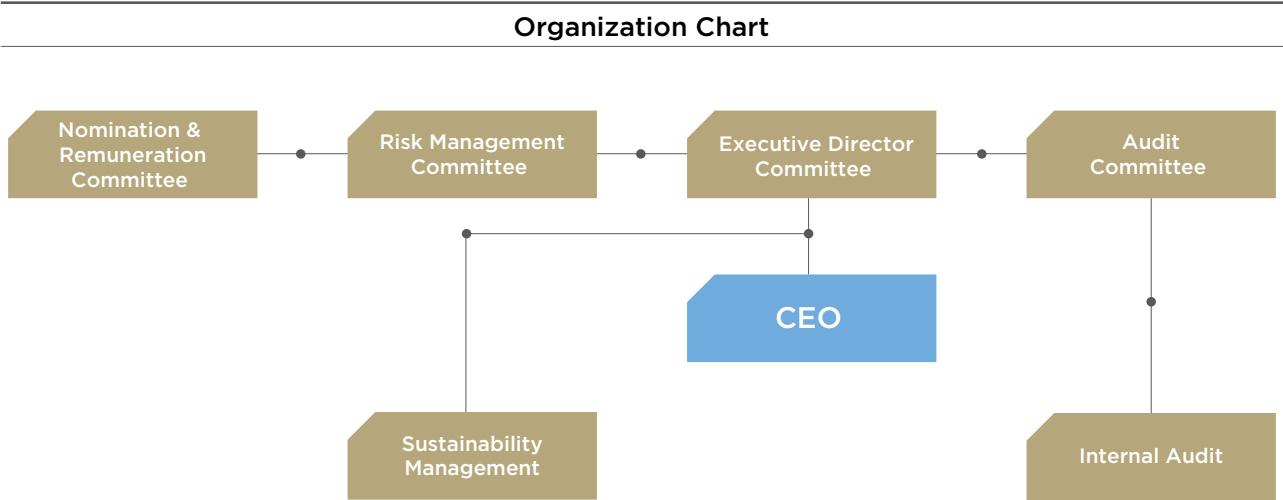
# SUSTAINABILITY MANAGEMENT

## SUSTAINABILITY OBJECTIVE

The Board of Directors of Pace Development recognize the importance of the role of business in contributing to sustainable development beyond regulatory compliance and philanthropic activities. In July 2017, the Sustainability Management Department was established as an in-house advisor on adopting world-class management practices with a long-term view of both risks and opportunities to create stakeholder value in the economic, social, and environmental dimensions. The long-term objective is to integrate sustainability into the mindset for PACE’s daily operations and contributing to a better common future.

## SUSTAINABILITY GOVERNANCE

The Sustainability Management Department reports directly to the Executive Director Committee and is supervised by a Senior Executive Vice President who is a member of the Board of Directors. The Executive Director Committee oversees PACE’s sustainability strategy and implementation.



## EMBARKING ON OUR SUSTAINABILITY JOURNEY

In September 2017, a management workshop for executives of the Company was held to provide an overview of Corporate Sustainability principles, drivers, best practices, and assessment, as well as to define PACE's sustainability priorities in the process of Materiality Assessment as per the guidelines of the Global Reporting Initiative (GRI). Following the management workshop, the Sustainability & Anti-Corruption Workshop was held in November as part of PACE's learning & development program, covering 89% of all employees of PDC.

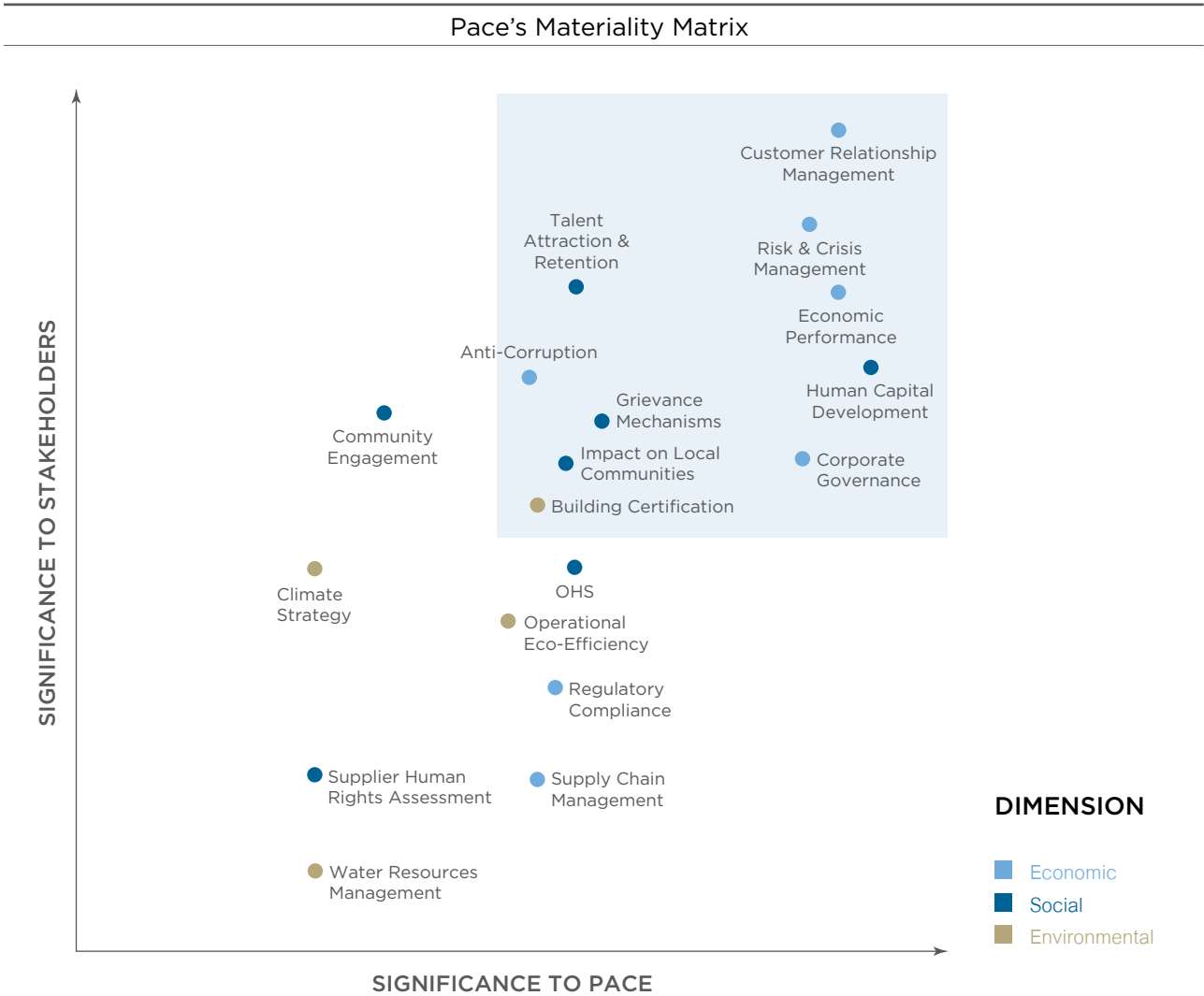
## STAKEHOLDER ENGAGEMENT

The establishment of Sustainability Management laid the foundation for integrating stakeholder value in PACE's business strategy and operations. Our first step was to identify our priority stakeholder groups and assess their interests and concerns, as well as how to improve upon our engagement and response going forward. Gathered from internal review, stakeholder interviews, and peer benchmarking, our stakeholder groups, interests, and method of engagement are summarized in the following table.

Stakeholder Group	Stakeholder Interests/Concerns	Method of Engagement
Shareholders/ Investors	<ul style="list-style-type: none"> <li>Information disclosure in a transparent manner</li> <li>Sustainable growth and returns</li> <li>Good corporate governance</li> <li>Long-term plan and continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Extraordinary General Meeting</li> <li>56-1 Report</li> <li>Annual Report</li> <li>Press release</li> <li>Quarterly financial results announcement</li> <li>Investor meetings and roadshows</li> <li>Equity analyst meetings</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Fair compensation</li> <li>Direction and communication</li> <li>Employee engagement</li> <li>Employee development</li> </ul>	<ul style="list-style-type: none"> <li>Training workshop and evaluation</li> <li>Intranet and email communication</li> <li>Merit making activities</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Quality products and services</li> <li>Communication and engagement</li> </ul>	<ul style="list-style-type: none"> <li>Active engagement and consumer insights for continuous development of quality products and services</li> <li>Regular activities and communication</li> <li>Responsiveness to complaints and feedback</li> </ul>
Business Partners & Suppliers	<ul style="list-style-type: none"> <li>Responsible and fair treatment</li> <li>Sustainable growth</li> <li>Timely payments</li> </ul>	<ul style="list-style-type: none"> <li>Weekly meetings</li> <li>Communicate Supplier Code of Conduct</li> <li>New vendor prequalification</li> <li>Vendor-Buyer evaluation</li> </ul>
Community	<ul style="list-style-type: none"> <li>Impact on health, safety, and environment</li> <li>Communication and engagement</li> </ul>	<ul style="list-style-type: none"> <li>EIA process</li> <li>Continuous online group communication</li> <li>F2F meetings</li> </ul>
Government	<ul style="list-style-type: none"> <li>Good corporate governance</li> <li>Regulatory compliance</li> <li>Environmental and social impact management</li> </ul>	<ul style="list-style-type: none"> <li>Regular engagement with relevant government agencies and regulators</li> <li>Monitor regulatory matters and changes</li> <li>Utilize assessment feedback from regulators</li> <li>Attend seminars on regulatory changes</li> </ul>

MATERIALITY ASSESSMENT

PACE's executive management considered relevant sustainability issues, gathered from global megatrends, industry leaders and peers, and international sustainability frameworks such as the Global Reporting Initiative (GRI), Dow Jones Sustainability Index (DJSI), Sustainability Accounting Standards Board (SASB), and Global Real Estate Sustainability Benchmark (GRESB). The material sustainability issues were ranked by significance to PACE and to PACE's stakeholders. The ranking of issues of significance to stakeholders was confirmed by qualitative input from diverse stakeholder interviews between August-October 2017. Below is the materiality matrix as a result of the materiality assessment.



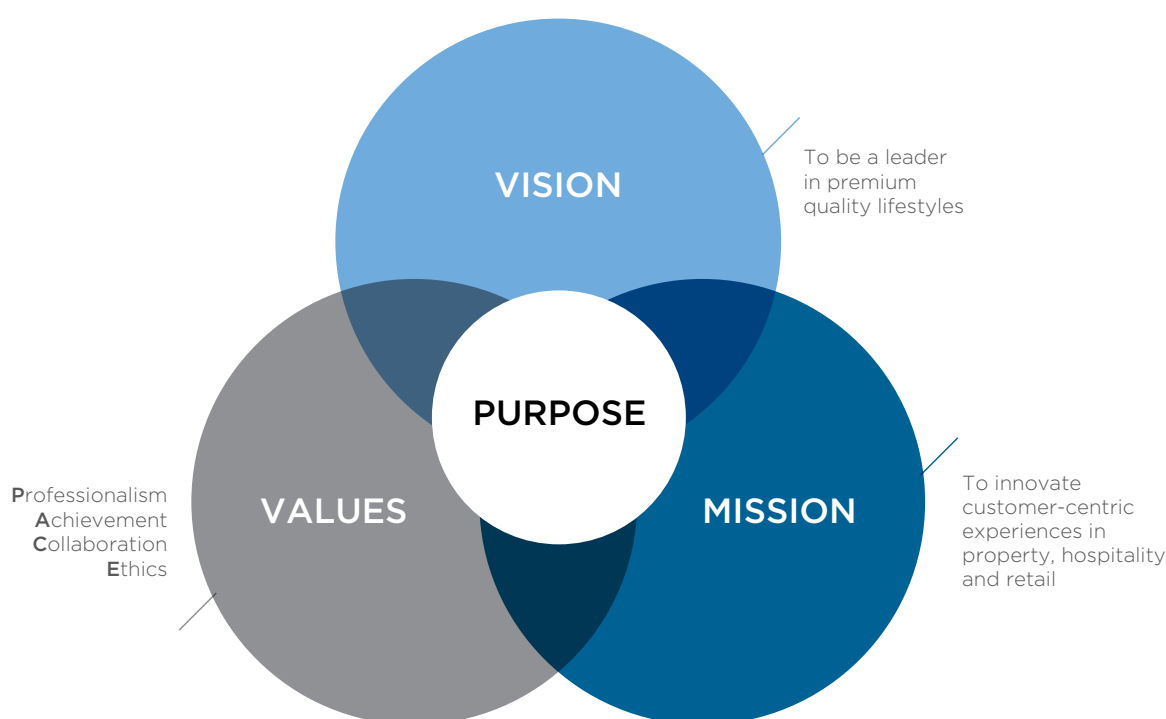


## SUSTAINABILITY MANAGEMENT FRAMEWORK

Based on PACE's vision and mission, the sustainability framework has been created to define our strategic objectives of sustaining stakeholder value for shareholders, employees, customers & business partners, society and the environment.

PACE aims to continuously improve its management approach, especially in the top material issues, and set targets and sustainability indicators to measure progress in 2018 onwards.

Pace's sustainability framework



STAKEHOLDERS	Shareholders	Employees	Customers & Business Partners	Society & Environment
OBJECTIVES	Sustainable Growth	Healthy & Innovative Workplace	Innovative Luxury Lifestyles	Impactful & Measurable Benefit
STRATEGY	We are determined to deliver sustainable returns through innovation, risk management, and good governance.	We foster a balanced work culture of creativity and continuous development, well-being, and professionalism.	We ensure responsible sourcing and innovate high-end properties and lifestyle experiences that exceed expectations.	We proactively engage with communities and civil society to ensure responsible and beneficial impact on people and the environment.

# RELATED PARTY TRANSACTIONS

As of December 31<sup>st</sup>, 2017

## 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.
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.
Dynasty Apparel Co., Ltd.	Dynasty	Garment exporter and manufacturer	Mrs. Thitima Vayakornvichitre is the Company's director.
Finch & Partners Group	F&P	Consultancy services	The Company under control of Mr. Charles Finch.
Prairie Marketing Co., Ltd.	Prairie	Sale of consumer goods	Mr. Sumate Techakraisri is the Company's director.
Grovepark International Limited	Grovepark	Consultancy services	The Company under control of Mr. Charles Finch.
Verita MHK (Thailand) Co., Ltd.	Verita	Health care services	A subsidiary of Verita Thailand Pte. Limited where Mr. Sorapoj Techakraisri holds 50% of its shares.
Apollo Asia Sprint Holding Company Limited	Apollo	Holding Company	Holding company of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.
Mercer Investment (Singapore) Pte.	Mercer	Holding Company	Related company of Goldman Sachs Investments Holding (Asia) Limited which is the holding company of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.

Legal Persons That May Have Conflicts of Interest (Persons)	Nature of Relationship
Mr. Sorapoj Techakraisri	The Company's authorized director and major shareholders, holding 36.2% of the Company's shares.
Mr. Chotipol Techakraisri	The Company's authorized director and shareholder, holding 0.01% of the Company's shares through his spouse, and older brother of Mr. Sorapoj Techakraisri.
Mr. Sumate Techakraisri	The Company's shareholder, holding 2.8% of the Company's shares, and father of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri.

Legal Persons That May Have Conflicts of Interest (Persons)	Nature of Relationship
Mrs. Yupa Techakraisri	The Company's shareholder, holding 4.2% of the Company's shares, and mother of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri.
Mr. Chumpol Techakraisri	The Company's authorized director and shareholder and younger brother of Mr. Sorapoj Techakraisri.
Mr. Theera Vayakornvichitire	The Company's director
Mr. Pongsak Mahattanasakul	The director of Pace Interior Services Co., Ltd. which is the subsidiary of the Company
Mr. Charles Finch	The director of Dean & DeLuca Inc.
Ms. Nichaya Chaiyawan	Spouse of Mr. Sorapoj Techakraisri
Mrs. Thitima Vayakornvichitire	Spouse of Mr. Theera Vayakornvichitire
Mr. Prakarn Raiva	Shareholder and director of Dean & DeLuca Airport Co., Ltd. which is the subsidiary of the Company
Ms. Ploy Bhinsaeng	Shareholder and director of Dean & DeLuca Airport Co., Ltd. which is the subsidiary of the Company
Mr. Seree Thajongrak	Shareholder of Dean & DeLuca Airport Co., Ltd. which is the subsidiary of the Company

In 2017 and 2016, 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> , 2017 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2016 (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 Net Effect from loss control in subsidiary Ending balance	45.2 6.8 - 52.0 (52.0) -	41.9 31.2 (27.9) 45.2 - 45.2	<ul style="list-style-type: none"> <li>FP entered into a Rental and Service Agreement at Cube Building for 2 contracts               <ul style="list-style-type: none"> <li>- 1<sup>st</sup> Contract for Vogue, the 4<sup>th</sup> amendment agreement dated 1 Oct 2016 (original agreement dated 1 Dec 2013) to extend the rental and services period for 3 years (since 1 Dec 2016 to 30 Nov 2019) with total rental space of 563.8 sq.m. Monthly rental and services rates are the higher of Baht 522,675 or 5% of monthly net sales.</li> <li>- 2<sup>nd</sup> Contract for L'Atelier de Joel Robuchon, the 3<sup>rd</sup> amendment agreement dated 1 Nov 2015 (original agreement effective date 15 May 2014 ending 14 May 2017) to rent more space from 803.46 sq.m. to be 841.46 sq.m. Then, FP entered into 4<sup>th</sup> amendment agreement dated 1 Oct 2016 to revise monthly rental and service rates are the higher of Baht 973,390 or 5% of monthly net sales. Such agreement is effective from 15 May 2017 to 14 May 2020.</li> </ul> </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> , 2017 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)		
PACE Three	BeSPK	Income from space rentals and services Beginning balance	1.7	0.5	• BeSPK entered into a Rental and Service Agreement dated 17 Aug 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 107,000. Such agreement is effective from 17 Aug 2015 to 16 Aug 2018.	• Such transaction is considered a trading transaction with normal conditions and has passed the review of Audit Committee.
		Increase in income from space rentals and service during the period	0.3	1.4		
PACE Three	Verita	Payment during the period	-	(0.2)	• Verita entered into a Rental and Service Agreement dated 1 Aug 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 1,055,675 or 10% of monthly net sales. Such agreement is effective from 1 Aug 2016 to 31 Jul 2019.	• Such transaction is considered a trading transaction with normal conditions and has passed the review of Audit Committee.
		Net	2.0	1.7		
		Effect from loss control in subsidiary	(2.0)	-		
		Ending balance	-	1.7		
PACE Creative	FP	Income from space rentals and services Beginning balance	2.4	-	• During 2016 and 2017, Pace Creative provide the creative service to FP.	• Such transaction is considered a trading transaction with normal conditions.
		Increase in income from space rentals and service during the period	3.4	3.2		
Dean & DeLuca (Thailand)	FP	Payment during the period	(0.8)	(0.8)	• During 2016 and 2017, FP bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Net	5.0	2.4		
Dean & DeLuca (Thailand)	Fierce	Effect from loss control in subsidiary	(5.0)	-	• During 2016 and 2017, Fierce bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Ending balance	-	2.4		
Dean & DeLuca (Thailand)	Verita	Income from creative services Beginning balance	0.1	-	• During 2016 and 2017, Verita bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Increase in creative service during the period	0.3	0.3		
Dean & DeLuca (Thailand)	Verita	Payment during the period	(0.4)	(0.2)	• During 2016 and 2017, Verita bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Ending balance	-	0.1		
Dean & DeLuca (Thailand)	Verita	Income from sales of foods and beverages Beginning balance	0.3	0.1	• During 2016 and 2017, Verita bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Increase in income from sales of foods and beverages during the period	0.8	0.8		
Dean & DeLuca (Thailand)	Verita	Payment during the period	(0.8)	(0.6)	• During 2016 and 2017, Verita bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Ending balance	0.3	0.3		
Dean & DeLuca (Thailand)	Verita	Income from sales of foods and beverages Beginning balance	0.5	-	• During 2016 and 2017, Verita bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Increase in income from sales of foods and beverages during the period	0.9	0.5		
Dean & DeLuca (Thailand)	Verita	Payment during the period	-	-	• During 2016 and 2017, Verita bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Ending balance	1.4	0.5		
Dean & DeLuca (Thailand)	Verita	Income from sales of foods and beverages Beginning balance	-	-	• During 2016 and 2017, Verita bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Increase in income from sales of foods and beverages during the period	0.1	-		
Dean & DeLuca (Thailand)	Verita	Payment during the period	(0.1)	-	• During 2016 and 2017, Verita bought foods and beverages from Dean & DeLuca (Thailand).	• Such transaction is considered a trading transaction with normal conditions.
		Ending balance	-	-		

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> , 2017 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)		
Dean & DeLuca (Thailand)	Mr. Sorapoj Techakraisri	Income from sales of foods and beverages Beginning balance	-	-	During 2017, Mr. Sorapoj Techakraisri bought foods and beverages from Dean & DeLuca (Thailand).	Such transaction is considered a trading transaction with normal conditions.
		Increase in income from sales of foods and beverages during the period	0.3	-		
		Payment during the period	-	-		
		Ending balance	0.3	-		
FIERCE	The Company	Selling, General, and Administrative Expenses (SG&A) Beginning balance	0.2	-	During 2016, The Company hired FIERCE to take a photo for advertising and marketing at MahaSamutr event at Hua Hin.	Such transaction is considered a trading transaction with normal conditions.
		Expenses incurred in the period	-	0.8		
		Payment during the period	(0.2)	(0.6)		
		Ending balance	-	0.2		
FIERCE	PACE Country Club	Selling, General, and Administrative Expenses (SG&A) Beginning balance	-	-	During 2017, Pace Country Club hired FIERCE to take a photo for advertising and marketing.	Such transaction is considered a trading transaction with normal conditions.
		Expenses incurred in the period	0.7	-		
		Payment during the period	-	-		
		Ending balance	0.7	-		
FP	The Company	Selling, General, and Administrative Expenses (SG&A) Beginning balance	0.6	0.1	During 2016 and 2017, the Company bought food and beverages, and gift voucher for marketing event from FP.	Such transaction is considered a trading transaction with normal conditions.
		Expenses incurred in the period	2.1	1.4		
		Payment during the period	(0.3)	(0.9)		
		Ending balance	2.4	0.6		
FP	PACE Country Club	Selling, General, and Administrative Expenses (SG&A) Beginning balance	0.1	0.1	During 2016 and 2017, Pace Country Club bought food and beverages, and gift voucher from FP.	Such transaction is considered a trading transaction with normal conditions.
		Expenses incurred in the period	0.1	0.5		
		Payment during the period	(0.1)	(0.5)		
		Ending balance	0.1	0.1		
FP	PACE Two	Entertainment expenses and Marketing expenses Beginning balance	0.7	-	During 2016 And 2017, Pace Two bought Food and beverages for entertaining and marketing expense from FP.	Such transaction is considered a trading transaction with normal conditions.
		Expenses incurred in the period	1.8	2.0		
		Payment during the period	(0.4)	(1.3)		
		Ending balance	2.1	0.7		

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> , 2017 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)		
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 - (1.0) -	<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.</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) -	<ul style="list-style-type: none"> <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.</li> </ul>
WM-AD	PACE Interior Services	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	10.7 21.4 (26.8) 5.3	10.0 21.4 (20.7) 10.7	<ul style="list-style-type: none"> <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 1 Jan 2016 and 1 Jul 2016 amounted to Baht 20 million.</li> <li>During 2017, Pace Interior Services entered into 2 new Managed and Interior Services Agreement for construction management and interior services of MahaNakhon project dated 6 Jan 2017 and 1 Jul 2017 amounted to Baht 20 million.</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction is considered a trading transaction with normal conditions.</li> </ul>
F&P	The Company	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	- - - -	- 7.7 (7.7) -	<ul style="list-style-type: none"> <li>The company entered into Consultancy agreement dated 1 Apr 2015 with F&amp;P. F&amp;P will provide the services as indicated in agreement for the period of one year expiring on 31 Mar 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.</li> </ul>
F&P	Dean & DeLuca Inc.	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	- 3.3 (3.1) 0.2	- 83.9 (83.9) -	<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.</li> </ul>
Grovepark	Dean & DeLuca Inc.	Selling, General, and Administrative Expenses (SG&A) Beginning balance Expenses incurred in the period Payment during the period Ending balance	7.1 6.3 - 13.4	- 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.</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> , 2017 (Million Baht)	In the year ending on December 31 <sup>st</sup> , 2016 (Million Baht)		
F&P	PACE Food Retail	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase incurred in the period Payment during the period Ending balance	- - - -	- 2.1 (2.1) -	<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>
Pace Two	Ms. Nichaya Chaiyawan	Revenue from sales of residential condominium units	260.2	-	<ul style="list-style-type: none"> <li>During the 1<sup>st</sup> quarter of 2017, Pace Two has entered into sale and purchase agreement of The Ritz-Carlton Residences, Bangkok project with Ms. Nichaya Chaiyawan amounted to Baht 260.3 million which is novated from Mr. Asgar Shakoor Patel who purchase this residential unit from Pace Two since January 2013. Pace Two recorded revenue from sales of residential condominium units in statement of comprehensive income in year 2017.</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction is considered a trading transaction with normal conditions.</li> </ul>
Pace Two	Mrs. Thitima Vayakornvichitre	Revenue from sales of residential condominium units	34.4	-	<ul style="list-style-type: none"> <li>During the 1<sup>st</sup> quarter of 2017, Pace Two has entered into sale and purchase agreement of The Ritz-Carlton Residences, Bangkok project with Mrs. Thitima Vayakornvichitre amounted to Baht 34.4 million which is novated from Mr. Polpat Suwanpimolkul who purchase this residential unit from Pace Two since August 2014. Pace Two recorded revenue from sales of residential condominium units in statement of comprehensive income in year 2017.</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction is considered a trading transaction with normal conditions.</li> </ul>

## 2 ADVANCED RECEIVED

Payee	Payer	Type of Transaction	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)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2017 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
The Company	Dynasty Apparel Co., Ltd.	Advanced received from customers	0.3	-	-	0.3	-	-	0.3	On 28 Jun 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Theera Vayakornvichitre.	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Sumate Techakraisri	Advanced received from customers	0.3	-	-	0.3	-	-	0.3	On 9 Jul 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Sumate Techakraisri.	Such transaction is a normal business transaction with a then-current market sales price.

Payee	Payer	Type of Transaction	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)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2017 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
The Company	Mr. Chumpol Techakraisri	Advanced received from customers	0.3	-	-	0.3	-	-	0.3	On 28 Jun 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Chumpol Techakraisri.	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Theera Vayakornwichtre	Advanced received from customers	0.5	-	(0.5)	-	-	-	-	On 15 Feb 2015, the company has made the agreement to purchase and sales a condominium unit of Nimit Langsuan Project with Mr. Theera. Subsequently on 30 Mar 2016, Mr. Theera novate such purchase and sales condominium unit to other party.	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	-	-	40	On 27 Jun 2016, the company has made the agreement to purchase and sales a condominium unit of Nimit Langsuan Project with Mr. Sorapoj Techakraisri.	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Ms. Ploy Bhinsaeng	Advanced received from customers	-	-	-	-	32.4	-	32.4	On 16 Feb 2015, the Company has entered into purchase and sales a condominium unit of Nimit Langsuan Project with Ms. Ploy Bhinsaeng.	Such transaction is a normal business transaction with a then-current market sales price.
Dean and DeLuca (Thailand)	PACED	Advance Payment and accrued royalty	3.5	-	-	3.5	-	-	3.5	Dean & DeLuca (Thailand) has royalty payable and advance received from PACED in totaling amount of Baht 3.5 million.	Such transaction is a normal business transaction with a then-current market sales price.
F&P	Pace Food Retail	Advance Payment	2.1	-	(2.1)	-	-	-	-	F&P provide consultancy service to Pace Food Retail and Pace Food Retail made advance payment to F&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.	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> , 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)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding as of December 31 <sup>st</sup> , 2017 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
Mr. Pongsak Mahattanasakul	Pace Interior Services	Advance Payment	-	-	-	-	9.0	(9.0)	-	Advance payment of Baht 5 million has been issued and received in Jun 2017 and Baht 4 million has been issued and received in Dec 2017.	Such transaction is a normal business transaction.
Mr. Sorapoj Techakraisri	Dean and DeLuca (Thailand)	Advance Payment	-	3.8	-	3.8	-	3.8	-	During 2016, Dean and DeLuca (Thailand) issue cheque to Mr. Sorapoj in order to invest in new company "Dean and DeLuca Airport Co., Ltd". Subsequently on 5 Jan 2017, Dean and DeLuca Airport was registered at MOC	Such transaction is a normal business transaction.

### 3 LOANS AND INTEREST EXPENSES

Borrower	Lender	Type of Transaction	Outstanding Balance as of Dec 31 <sup>st</sup> , 2015 (Million Baht)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding Balance as of Dec 31 <sup>st</sup> , 2016 (Million Baht)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding Balance as of Dec 31 <sup>st</sup> , 2017 (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)	- -	- -	- -	- -	<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>

Borrower	Lender	Type of Transaction	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)	Increase During Period (Million Baht)	Decrease During Period (Million Baht)	Outstanding Balance as of Dec 31 <sup>st</sup> , 2017 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
PACE One, PACE Two, and PACE Three	FPH	Loans Accrued Interest Payable	- 76.9	- -	- (76.9)	- -	- -	- -	- -	<ul style="list-style-type: none"> <li>Important details of the loan are:               <ul style="list-style-type: none"> <li>Interest rate of 14% per annum</li> <li>Repayment is made on Lender's request</li> <li>No collateral</li> </ul> </li> <li>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>	<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.	Mr. Sorapoj Techakraisri	Loan	-	85.1	(85.1)	-	86.2	-	86.2	<ul style="list-style-type: none"> <li>During 2016, Dean &amp; DeLuca Inc. entered into loan agreement with Mr. Sorapoj Techakraisri USD 2.4 million. This loan shall not be subject to interest and already repaid in 2016.</li> <li>On 16 Feb 2017 and 4 Jul 2017, Dean &amp; DeLuca Inc. entered into loan agreements with Mr. Sorapoj Techakraisri USD 0.6 million and USD 2.04 million, respectively. This loan shall not be subject to interest. Repayment term of loan USD 0.6 million and USD 2.04 million are on 15 May 2018, and on demand, respectively.</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 Accrued Interest Receivable	- -	75.2 0.8	- -	75.2 0.8	57.0 1.4	- -	132.2 2.2	<ul style="list-style-type: none"> <li>During 2016 and 2017, Grovepark has outstanding loan with Dean &amp; DeLuca Inc. amounted to USD 2.1 million and USD 4.1 million, respectively, and accrued interest of USD 22,993 and USD 66,328, respectively. 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>

Borrower	Lender	Type of Transaction	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)	Increase During Period (Million Baht)	Decrease During Period (Million Baht)	Pricing and Condition	Audit Committee's Opinions
Dean & DeLuca Airport	Mr. Prakarn Raiva	Loans Accrued Interest Payable	- -	- -	- -	- -	9.6 0.6	- -	<ul style="list-style-type: none"> <li>Here is significant details of loan</li> <li>- Interest rate of 7.5%</li> <li>- Repayment term on January and June 2018</li> <li>- Insecure loan</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.</li> </ul>
Dean & DeLuca Airport	Ms. Ploy Bhinsaeng	Loans Accrued Interest Payable	- -	- -	- -	- -	9.1 0.6	- -	<ul style="list-style-type: none"> <li>Here is significant details of loan</li> <li>- Interest rate of 7.5%</li> <li>- Repayment term on January and July 2018</li> <li>- Insecure loan</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.</li> </ul>
Dean & DeLuca Airport	Mr. Seree Thajongrak	Loans Accrued Interest Payable	- -	- -	- -	- -	4.8 0.3	- -	<ul style="list-style-type: none"> <li>Here is significant details of loan</li> <li>- Interest rate of 7.5%</li> <li>- Repayment term on January 2018</li> <li>- Insecure loan</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.</li> </ul>
Pace Food Retail	Prairie Marketing Co., Ltd.	Loans Accrued Interest Payment	- -	- -	- -	- -	10 (0.3)	- 0.3	<ul style="list-style-type: none"> <li>Here is significant details of loan</li> <li>- Interest rate of 6.5%</li> <li>- Repayment term on January, 2018</li> <li>- Insecure loan</li> </ul>	<ul style="list-style-type: none"> <li>Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.</li> </ul>
Mr. Pongsak Mahattanasakul	YLP	Loans Accrued Interest Receivable	- -	- -	- -	- -	45.0 0.7	(45.0) (0.7)	<ul style="list-style-type: none"> <li>Here is significant details of loan</li> <li>- Interest rate of 7.75%</li> <li>- Repayment term is on demand</li> <li>- Insecure loan</li> <li>- Already repaid on 14 Nov 2017</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>
Mr. Pongsak Mahattanasakul	Pace Interior Services	Loans Accrued Interest Receivable	- -	- -	- -	- -	30.0 0.7	30.0 (0.7)	<ul style="list-style-type: none"> <li>Here is significant details of loan</li> <li>- Interest rate of 7.5%</li> <li>- Repayment term is on demand</li> <li>- Insecure loan</li> <li>- Already repaid on 14 Nov 2017</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>

#### 4 GUARANTEES AND COLLATERAL SECURITIES PROVIDED TO FINANCIAL INSTITUTIONS (AS OF DECEMBER 31<sup>ST</sup>, 2017)

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

Guarantors	Receiver of the Loans from FIs	Lenders	Credit Facility (Million Baht)	Loan Utilization (Million Baht)	Details of Guarantee/Collateral Securities	Audit Committee's Opinion
Mrs. Yupa Techakraisri	PACE One, PACE Two, and PACE Three	The Siam Commercial Bank Public Company Limited	532.0	532.0	<ul style="list-style-type: none"> <li>On 6 Feb 2014, the Company entered into the Credit Facility Agreement to have loan amount of 532 MB of which to buy land for Mahanakorn project. Mrs. Yupa Techakraisri is the guarantor.</li> </ul>	<ul style="list-style-type: none"> <li>The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.</li> </ul>
Mr. Sorapoj Techakraisri Mrs. Yupa Techakraisri	Dean and DeLuca (Thailand)	The Bangkok Bank Public Company Limited	80.0	80.0	<ul style="list-style-type: none"> <li>On 22 Sep 2014, Dean &amp; DeLuca (Thailand) entered into the Credit Facility Agreement to have long term loan amount of 80 MB are guaranteed by               <ol style="list-style-type: none"> <li>The company's shares held by Mr. Sorapoj Techakraisri of 30 million shares.</li> <li>Shares of related party held by Mrs. Yupa Techakraisri of 20 million shares</li> <li>Guarantee by Mr. Sorapoj Techakraisri and Mrs. Yupa Techakraisri</li> </ol> </li> <li>Overdraft 5 MB is guaranteed by the Company's share held by Mr. Sorapoj Techakraisri of 30 million shares.</li> </ul>	<ul style="list-style-type: none"> <li>The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.</li> </ul>
Mr. Sorapoj Techakraisri Mr. Chotipol Techakraisri Mrs. Yupa Techakraisri	Dean and DeLuca (Thailand)	Bank of Ayudhaya Public Company Limited	15.0	10.0	<ul style="list-style-type: none"> <li>On 16 May 2012 Dean &amp; DeLuca (Thailand) entered into the Credit Facility Agreement to have long term loan amount of 10 MB and overdraft 5 MB that are guaranteed by               <ol style="list-style-type: none"> <li>Residential condominium unit of Mr. Sorapoj Techakraisri</li> <li>Residential condominium unit of Mr. Chotipol Techakraisri</li> <li>Guarantee by Mr. Sorapoj Techakraisri and Mrs. Yupa Techakraisri</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.</li> </ul>

Guarantors	Receiver of the Loans from FIs	Lenders	Credit Facility (Million Baht)	Loan Utilization (Million Baht)	Details of Guarantee/Collateral Securities	Audit Committee's Opinion
Mr. Cholipol Techakraisri Mrs. Yupa Techakraisri	YLP	Kasikorn Bank PCL	1,100.0	369.5	<ul style="list-style-type: none"> <li>On 29 Oct 2015 YLP entered into the Credit Facility Agreement to have long term loan amount of 1,090 MB and overdraft 10 MB.</li> <li>Guarantee by Mr. Cholipol Techakraisri and Mrs. Yupa Techakraisri</li> </ul>	<ul style="list-style-type: none"> <li>The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.</li> </ul>
Mr. Sorapoj Techakraisri	The Company	The Siam Commercial Bank Public Company Limited	4,748.0	3,206.5	<ul style="list-style-type: none"> <li>On 25 Nov 2015, the Company entered into the credit facility agreement to obtain long term loan facility 4,673.5 MB, overdraft 30MB, and Letter of guarantee 35MB.</li> <li>Guarantee by Mr. Sorapoj Techakraisri</li> </ul>	<ul style="list-style-type: none"> <li>The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.</li> </ul>
Mr. Sumate Techakraisri Mrs. Yupa Techakraisri Mr. Sorapoj Techakraisri	The Company	The Siam Commercial Bank Public Company Limited	3,448.7	3,223.9	The Company has entered into credit facility agreements to obtain revolving and uncommitted credit line under promissory notes. Such credit facilities are collateral by land located in Prachinburi and Chonburi owned Mr. Sumate Techakraisri Mrs. Yupa Techakraisri and Mr. Sorapoj Techakraisri.	<ul style="list-style-type: none"> <li>The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.</li> </ul>



# MANAGEMENT DISCUSSION AND ANALYSIS

## 1 THE OVERALL BUSINESS OPERATIONS AND SIGNIFICANT CHANGES DURING 2017

In 2017, the Company is continually developing its existing real estate projects; MahaNakhon, MahaSamutr and Nimit Langsuan projects. Despite of high competitive in pricing actions and there is no measure from government to stimulate the property sector. The Company was able to handover the residential units of MahaNakhon project throughout the year 2017 with a significant number of 94 residences. The remainder of good quality backlog and unsold units will be expected to transfer and recognized the revenue by 2019. Furthermore, in December 2017, the Company had transferred 2 villas of MahaSamutr project and expected to transfer continuously over year 2018 and 2019. Apart from that, the Company started to develop a project "Windshell Naradhiwas" on Naradhiwas-Rajanakarin road which initially launch in third quarter 2017. The project is expected to be completed and be able to generate revenues by 2019.

In Q1/2017, the Company announced 2 new investment partners: 1) Apollo Asia Sprint Holding Company Limited, and 2) Goldman Sachs Investments Holding (Asia) Limited which own a combined 49% stake in The Bangkok Edition Hotel, Rooftop Bar, Observation Deck, and MahaNakhon Cube. The capital increased of total 8,441 million Baht which split as 7,783 million Baht equity injection and 658 million Baht of Financing. The proposed investment has been reserved for the development and completion of the MahaNakhon Project. Some funds have been used to repay loans to financial institution.

Accordingly, the Company engaged an independent financial advisory to evaluate the fair value measurement of the investments by using income approach method and discounted cash flow to present value. As a result, the fair value of the investments were 8,231 million Baht.

Consequently, the Company received the letter from the Securities and Exchange Commission, Thailand (SEC) of the SEC Kor Chor. 2008/2560 dated 16 November 2017 to notify the Company in order to clarify the reasonableness of the assumptions used in the fair value measurement as well as publicly disclose the information. The Company engaged the 2<sup>nd</sup> independent financial advisory firm to reevaluate the fair value of

the investments by using income approach method, discounted cash flow to present value, and Black-Scholes option pricing model. Based on report of the 2<sup>nd</sup> independent financial advisory firm dated February 2, 2018, the fair value of such investment amounted to 6,487 million Baht and the Company recorded such investment in the consolidated statement of financial position as at 31 December 2017 amounting to 6,487 million Baht and recognized effect from loss of control in subsidiaries in the consolidated statements of comprehensive income for the year ended 31 December 2017 amounting to 7,112.6 million Baht.

(Remark: The fair value of the investments and key assumptions used in the evaluation for Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. are in the Notes to Financial Statements FY 2017 of the Company.)

In Q4/2017, the Company held the Extraordinary General Meeting of Shareholder No. 1/2017, the main propose of the meeting was to approve the allocation of newly-issued ordinary shares to the existing shareholders of the Company proportionate to respective shareholding (Right Offering) and offering to Private Placement including the issuance of warrants to purchase ordinary Share No.1 and No.2 which will be allocated to the existing shareholders who have subscribed in the proportion of their respective shareholding. The subscription period of newly-issued ordinary shares along with the two series of warrants ("PACE-W1") and ("PACE-W2") will be settled during January - February 2018.

For food and beverage business, Dean & DeLuca, Inc. (DDUS) has continued its efforts to take corrective actions to improve existing store profitability while also keeping its eye on new store development, Consumer Brands product launch and new international franchise opportunities. Financial and Operational controls have been reassessed and repositioned to allow the company to see better returns on existing store profitability. In Consumer Brands Group (CBG), Performance Bars successful launched validated product profitability. In 2017, two new franchise licenses had been signed in Macau and Malaysia. In Japan, Dean & DeLuca Café Japan opened 6 stores while Dean & DeLuca Thailand opened 3 stores and doubling its sales.

## INDUSTRY AND ECONOMIC CONDITIONS THAT AFFECT THE BUSINESS OPERATIONS

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In 2017, due to the economic recovery is still weak and the measure of stimulating economy in real estate sector of the government is not much effective and visible results which caused to the real estate investment decelerate and growth under expectation. Moreover, the lending of home loan from financial institutions are more conservative. In addition, the uncertainty of economic policies in United State of America influenced with the world economy and Thailand. The aforementioned factors might currently impact with core two business of the Company; high-end property business and food and beverages business under "DEAN & DELUCA" brand name.

### Property Business

In the midst of the high fluctuation and uncertainty in the economic situation which resulted in the overall of real estate operations, the company is one of few real estate developers in developing the high-ended project/super luxury located in good locations, as well as, targeting for customers who had good financial potential. As a result, the Company is less affected by the economy as compared with other developers. In 2017, it had been proved that the reservation rate was maintainable whereas the cancellation rate was still exceptionally low.

In 2017, the Company emphasized on developing MahaNakhon and MahaSamutr projects as planned and manage the construction operation to be in line the standards set. Having said that, the Company was able to realize the revenue from the residential units transfer over year 2017 and expected to transfer the rest by 2019. For MahaSamutr projects, the 2 villas had been transferred to customers in December 2017 and expected to transfer most of remaining villas and realize the revenue throughout the year 2018.

The construction progress of Nimit Langsuan 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, in 2017, the Company also emphasized in developing the project as planed. In addition, the Company started to sell residences of Windshell Naradhiwas project in Q3/2017, and it is expected that the project will be completed and able to transfer to the customers in the year 2019 onwards.

### Food and Beverages Business

According to overall economic in 2017, there were two main factors that could affect to food and beverage business (DEAN & DELUCA) which were labor shortage and increasing in competitors. First, labor shortage might be the primary reason that drive up production costs to complete with the market. Second, higher number of competitors, with the ease to enter into the business of food & beverage so there are many super markets, restaurants, and cafés opened closed to DEAN & DELUCA's stores as the result the market were shared to the competitors. Therefore, marketing promotions and campaigns were implemented to maintain existing customers and attract the new one.

## EXPLANATION OF THE COMPANY'S SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 WITH DISCLAIMER OF CONCLUSION ON THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND WITH QUALIFIED OPINION ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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Pace Development Corporation Public Company Limited (the Company) submit the interim financial statements for the year ended December 31, 2017 (Revision regarding the reevaluation of the fair value of the investments). The auditor of Baker Tilly Audit and Advisory Services (Thailand) Ltd. disclaim the conclusion on the consolidated statements of comprehensive income and qualified conclusion on the consolidated statement of financial position as at December 31, 2017 according to the limitation by circumstance of estimation of income of observation deck that are divided into 2 basis of opinion as below.

1. Basis for Disclaimer of Conclusion on the Consolidated Statement of Comprehensive Income for the year ended December 31, 2017

As discussed in Note 1 to the interim financial statements, in accordance with the order of the Office of the Securities and Exchange Commission dated November 16, 2017 No. Kor Lor Tor. Kor Chor. 2008/2560, the Company engaged the 2<sup>nd</sup> independent financial advisory firm to remeasure fair value of investment in Pace Project Three Co., Ltd. by using income approach method, discounted cash flow to present value, and Black-Scholes option pricing model. Based on



report of the 2<sup>nd</sup> independent financial advisory firm dated February 2, 2018, the fair value of such investment amounted to Baht 6,487 million and the Company recorded such investment in the consolidated statement of financial position as at December 31, 2017 amounting to Baht 6,487 million and recognized effect from loss of control in subsidiaries in the consolidated statements of comprehensive income for the year ended December 31, 2017 amounting to Baht 7,112.6 million. Regarding the limitation by circumstance, the auditor cannot reach a conclusion on the Consolidated Statement of Comprehensive Income for the year ended December 31, 2017. Based on the facts that the construction has not completed yet, no actual commercial operations to be compared, and this is the new business in Thai market; therefore, the auditor was unable to reach a conclusion on a result of the reviews on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2017.

## 2. Basis for Qualified Conclusion on the Consolidated Statement of Financial Position

From the matter described in the Basis for Disclaimer of Conclusion on the Consolidated Statement of Comprehensive Income paragraph, nothing has come to causes the auditor to believe that the accompanying consolidated statement of financial position as at December 31, 2017 does not present fairly.

Nevertheless, the Company has compared the fair value of investment in Pace Project Three Co., Ltd., between the report

by the 1<sup>st</sup> independent financial advisor firm and the report by 2<sup>nd</sup> independent financial advisor firm by using income approach method, discounted cash flow to present the fair value. Moreover, the 2<sup>nd</sup> independent financial advisor firm uses the Black-Scholes Model or the option pricing model to repurchase the shares in Pace Project Three Co., Ltd. in order to consider the fair value of such investment. The Company also clarified the details as in the letter of the Clarification of the reasonableness and disclosure of the assumptions regarding the fair value of the investments as the SEC notified as of February 9, 2018. However, if the construction is completed and able to be operated, the Company will be able to generate income as closely as the estimation in the assumption.

## SIGNIFICANT CHANGE IN ACCOUNTING POLICY

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In Q2/2017, the Company has changed the accounting policy on valuation method of land from cost model to revaluation model based on the appraisal report of an independent appraisal firm in ensured that the carrying amount of these assets does not differ materially from that of fair value at the statement of financial position date. An asset's carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading "Revaluation surplus of land". As the revaluation of land, the Company realized the effect from change in accounting for land in consolidated financial statements in totaling of 210 million Baht.

## 2 SUMMARY OF FINANCIAL PERFORMANCE

### ANALYSIS OF THE OPERATING RESULTS

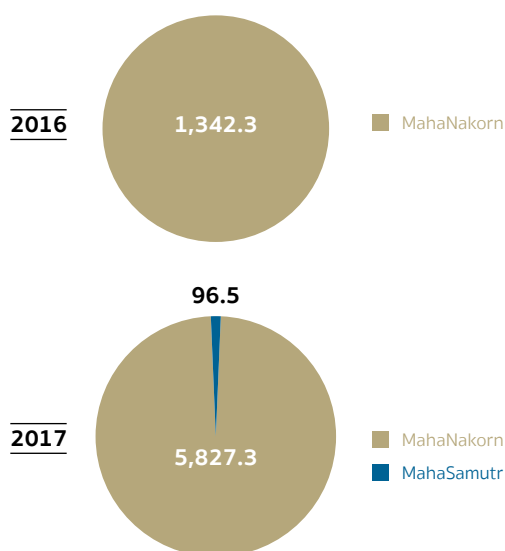
#### Revenues

For the year ended 31 December 2017, the Company generated revenues of 9,271 million Baht; increased by 69.6% as compared to last year of 5,467 million Baht. The details are as follows:

#### 1. Property Business

The Company will be able to record the revenue from sales of residential condominium units in the statement of comprehensive income when the real estate project has been completed and transferred to the customers after completion of the payment.

In 2017, the Company recognized revenues from sales of residential condominium units of 5,924 million Baht (64% of total revenues); increasing by 330.8% as compared to the year 2016 of 1,375 million Baht. The significant increase was mainly due to the ability to continually transfer of The Ritz-Carlton Residences, Bangkok at MahaNakhon totaling of 94 residences, and to recognize revenue from transfer 2 villas of MahaSamutr project.



#### 2. Gourmet Food and Beverage Business

In 2017, the total revenues of DEAN & DELUCA were 3,142 million Baht; slightly decreased by 2.9 % as compared to the year 2016 of 3,236 million Baht. This was the fact that retail stores sales in United State were decrease, however, there were significantly revenue increase from three new stores opened in Thailand which are Silom Soi 1, Suvannabhumi Airport 1, and Suvannabhumi Airport 2.

As of 31 December 2017, the Company has company-operated stores and licensed stores as follows:

Country	Company-operated Stores	Licensed Stores	Total
United States	10	-	10
United States (Hawaii)	-	2	2
Thailand	11	-	11
Japan	17 (50% JV)	17	34
South Korea	-	2	2
Singapore	-	3	3
Kuwait	-	1	1
UAE	-	1	1
Phillipines	-	2	2
Macau	-	1	1
Bahrain	-	1	1
<b>Total</b>	<b>38</b>	<b>30</b>	<b>68</b>

#### Gross Profits

In 2017, total gross profits from property and food & beverage businesses were 2,956 million Baht or 32% of the total revenues; increased by 53% as compared to the year 2016 of 1,932 million Baht. Details are as follows:

### 1. Property Business:

Gross profit from the transfer of residences of MahaNakhon project was recorded 1,473 million Baht or 25% of the revenue. The gross profit of the property business in 2017 increased by 326% as compared to the year 2016 of 346 million Baht. This was mainly due to the significant increase of the transfer of the residences of MahaNakhon project in 2017 whereas the year 2016, the transfer of the residences just started in April. Furthermore, the Company had gross profit from the transfer of 2 villas of MahaSamutr project in December. In addition, the Company also maintained the construction costs of all projects; hence, the gross profit of the year 2017 was greater than the year 2016.

### 2. Gourmet Food & Beverage business

The total gross profit of gourmet food and beverage business was 1,483 million Baht or 47% of revenue which slightly decrease by 6.5% as compared to the year of 1,586 million Baht. This was due to a challenging US retail environment higher food costs, changing product mix. Corrective actions and controls are in place to mitigate rising labor costs and improve forecasting and purchasing practices.

### Selling and administrative expenses and impairment loss

In 2017, The Company had total expenses and impairment loss of 8,175 million Baht (88% of total revenues); increased by 83.7% as compared to the previous year of 4,450 million Baht. This comprised of: (1) cost of sales of residential condominium units of 3,304 million Baht; increased by 40.2 as compared to the previous year of 2,357 million Baht, (2) administrative expenses of 2,508 million Baht; increased by 35.4% as compared to the previous year of 1,852 million Baht, (3) impairment loss of 2,304 million Baht; increased by 1,156.1% as compared to the previous year of 183 million Baht.

The increasing selling expenses from property business were due to the results of selling and marketing strategies which included sales promotion, the communication to the public through social media for MahaNakhon, MahaSamutr and Nimit Langsuan Projects.

The increasing selling and administrative expenses from gourmet food and beverage business of 4,847 million Baht; increased by 48.9% as compared to the year 2016 of 3,255

million Baht. The increase was due to the attribution on marketing activations at the PGA tour event to launch Consumer Brand Group DEAN & DELUCA Performance Bar and US Open sponsorship and the impairment of assets.

### Finance Costs

In 2017, the Company had total interest paid of 1,458 million Baht, increased by 12.8% as compared to the year 2016 of 1,293 million Baht. This comprised of financing costs of 976 million Baht and capitalized interest of 482 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 & DELUCA in the United States. Meanwhile, the Company has continued to pay back the loan for "MahaNakhon" project since it started recognizing revenue in April 2016.

### Profit and Loss Results

In 2017, the Company had net loss of 171 million Baht or 1.8 % of total revenues; compared to the year 2016 of 2,326 million Baht. This was due to the Company recognized the effect from loss of control in its subsidiaries and recorded a total of 7,112.6 million Baht in the Consolidated Financial Statements.

## STATEMENT OF FINANCIAL POSITION

### Assets

As at 31 December 2017, the total assets were 32,423 million Baht; increased by 592 million Baht; or 1.9% from as at 31 December 2016 of 31,831 million Baht. The main assets comprised of investment in shares of joint venture of 6,703 million Baht, cash and cash equivalent of 1,202 million Baht, and long-term loans to related party of 1,741 million Baht which was mainly from fund flow of Apollo's deal, real estate projects for sales under development of 12,347 million Baht, Account Receivable of 80 million Baht, Inventory of 216 million Baht, property plant, and equipment of 3,515 million Baht. Moreover, the goodwill incurred mainly from DEAN & DELUCA acquisition was 2,551 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 1,981 million Baht. The main assets were 94% of the total assets.



### Liabilities

As at 31 December 2017, the total liabilities were 30,161 million Baht; slightly increased by 19 million Baht, or 0.1% from as at 31 December 2016 of 30,142 million Baht. The main liabilities included: short-term loans from financial institutions of 4,341 million Baht, short-term loans from other parties of 698 million Baht, current portion of long-term loans from financial institutions of 4,831 million Baht, long-term loans from financial institutions (net) of 4,714 million Baht, the remaining amount of debenture is 4,527 million baht, advances and deposits received from customers of 3,645 million Baht, and deferred income tax liability of 1,594 million Baht. Total interest bearing debts equaled to 20,229 million Baht.

### Shareholders' Equity

As at 31 December 2017, the total shareholder's Equity of the Company were 2,262 million Baht; increased by 33.9% as compared to the year 2016 of 1,689 million Baht. This was mainly due to gain from effect from loss of control in subsidiaries.

### The Ability for Assets Management

#### Trade account receivables:

As of 31 December 2017 and 2016, the Company had trade account receivables totaling of 80.1 million Baht and 93.3 million Baht, respectively. Its average collection period in 2017 was 5 days improving from 2016 of 6 days. Due to the nature of DEAN & DELUCA business of which most sales are changed the payment method in cash basis, there were minimal trade account receivables.

#### Inventories:

At the end of the year 2017, the Company had ending inventories of 216.4 million Baht. Most were related to DEAN & DELUCA business of 179.3 million Baht. The inventory turnover was 7.4 times in 2017 compared to 6.2 times in 2016.

#### Real estate project under development for sales:

At the end of the year 2017, the Company had Real estate project under development for sales of 12,347 million Baht; Comprising of 1) Projects complete for sales of 8,324 million Baht mainly from MahaNakorn project of 4,913 million Baht and MahaSamutr Project of 3,411 million Baht, decreased 21% from 2016 of 10,554 million baht and 2) Projects under development of 4,023 million Baht primarily from Nimit Lungsuan project

of 2,846 million Baht , Windshell Narathiwas project of 696 million Baht and Niseko Project of 481 million Baht , increased 21% from 2016 of 3,319 million Baht

### Shares Investment, Goodwill and Impairment Loss:

At the end of the year 2017, the Company had impairment loss of 2,314 million Baht; increased by 1,161.5% as compared to previous year of 183 million Baht. Due to the fact that the Company had impairment loss of loan on joint venture of 1,634 million Baht , Impairment loss in real estate project under development for sales of 109 million Baht, Impairment loss on goodwill of Foods and Beverages business of 476 million Baht and Impairment loss from amortization of goodwill MahaNakorn project of 85 million Baht as compared to that in 2016, the Company had only impairment loss from Franchise of Foods and Beverages business of 154 million Baht and impairment loss from amortization of goodwill MahaNakorn project of 29 million Baht.

### Source of Funds

At the end of 2017, the Company had total current asset of 14,342.1 million Baht, total current liabilities of 19,959.3 million Baht. The current ratio was 0.7 approximately the same as last year's. The current assets drop by 1,391 million Baht owing mainly to the decreasing real estate projects for sales of MahaNakhon which realized the cost of goods sales during the year. Additionally, the current liabilities decreased by 1,936 million Baht due to the decrease current portion long term loans from financial institutions of 4,405 million Baht mainly for the ability to repay the outstanding loan when transferring the residential unit of MahaNakorn projects over the year and also from the investment funds of Apollo's deal. Additional to that advances and deposits received from customers of 1,536 million Baht decreased 1,474 million Baht from 2016, whereas, the bank overdraft and short-term loan of Promissory Note issuance of 4,341 million Baht, rose significantly 3,200 million Baht from 2016. Due mainly to the fact that the Company had entered to credit facilities from financial institution for Bills of Exchange and Bond repayment on maturity date.

### Appropriateness of the Funding Structure

In 2017, the Company had total debt to equity ratio of 13.3 times as compared to 17.8 times in 2016. The interest bearing debt to equity ratio was 8.9 times compare to 13.1 times in 2016. This was mainly due to the decrease in net loans while the shareholder equity was increased.

The significant decrease of total debt to total equity ratio of the Company was primarily due to the ability to transfer and to recognize revenue from The Ritz-Carlton Residences, Bangkok ("RCR") of MahaNakhon project as well as the ability to repay loans during the year. Furthermore, the investments from Apollo had resulted in the ability to terminate the outstanding debts to financial institutions.

Additionally, the Company issued newly ordinary shares and warrants totally worth 3,894 million Baht to its existing shareholders as well as to the specific investor (Private Placement) in Q1/2018, and the process was completed in February 2018. The proceeds from the capital increase was used for repaying the short-term loans to financial institutions and the debentures due in January 2018. Besides, if the Company is able to transfer the remaining backlog residences of MHNK project and MHSM Project to the customers and recognize continuously the revenues as planned, the Company will reduce further its debts by repaying to the financial institutions including the fund from the newly share capital increase including the issuance of warrant will be used for future repayment of Bond in upcoming maturity which will reflect to the debt to equity ratio decreasing significantly by the end of the year 2018.

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

As of 31 December 2017, and 2016, Pace Development Corporation had an obligation and commitment to complete projects on hand. The value of sales already contracted was 18,549 million Baht and 17,087.3 million Baht or 61.9% and 64.3% of total sales of projects on hand.

As at December 31, 2017 and 2016, 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, the Pace Development Corporation

Group had commitments under sponsorship agreements with internationally known events in the United States of America. The totals of future minimum lease payments under non-cancellable operating leases and the commitments under the Sponsorship Agreements for each period are as follows:

	In Million Baht	
	2017	2016
Not later than 1 year	1,033.7	986.5
Later than 1 year and not later than 5 years	3,789.3	4,290.1
Later than 5 years	2,006.2	2,976.4
<b>Total</b>	<b>6,829.2</b>	<b>8,253.0</b>

In 2017, the Company had the obligation and commitment of 6,829 million Baht decreased 1,424 million Baht from 2016. The decrease was from the retail rental of agreements from many stores were expired in 2017 and are on the process of renewal agreements. Besides, the conditions of some agreement is being considered which reflect the decrease of obligation, on the other hand, this will be good in the long term of the Company.







### 3 2017 MANAGEMENT OUTLOOK AND STRATEGY

#### PROFIT GENERATION CAPABILITY REAL ESTATE BUSINESS

As of 31 December 2017, Details and progress of the Company's residential projects are as follows:

Project	Operated By	Project Value (MB)	Total Units	Sales Progress			Cumulative Transferred Value (MB)	Start of Transfer in Year
				No. of Sold Units	Million Baht	% (unit)		
MahaNakhon - The Ritz-Carlton Residences, Bangkok	Pace Project Two	15,000	209	156 *	10,379.5	75	7,170	April 2016
MahaSamutr - Villa	Company	4,000	80	19	966	24	96.5	Q4/2017
Nimit Langsuan	Company	8,000	176	166	6,709	94	-	2019
Windshell Naradhiwas	YLP	3,000	36	6	494	17	-	2019

Remark: \* In 2017, there were 94 residences recognized revenue (24 residences in 2016). The remaining residences are expected to be transferred in 2018.

#### MahaNakhon Project:

Currently, the progress construction of MahaNakhon project is still under construction and interior decoration of the Bangkok Edition hotel and MahaNakhon Observatory Deck. They are expected to be completed by Q2/2018. Meanwhile, the Company is continually transferring the Ritz-Carlton Residences, Bangkok to the customers. In 2017, there were 94 residences transferred of which were approximately 5,827 million Baht; increased by 334.1% as compared to the year 2016 of 1,342 million Baht.

**MahaSamutr Project:**

The construction of MahaSamutr project – villas are completed of infrastructure process and in the process of interior decoration which will be completed soon. In December 2017, there were 2 villas of MahaSamutr project transferred and recognized revenue of 96 million Baht. The Company expects to be able to transfer the rest of the villas to the customers in 2019. Besides, MahaSamutr Country Club and Sports Club are currently in the process of infrastructure including interior and exterior decoration.

**Nimit Langsuan Project:**

The construction of Nimit Langsuan project is in the process of tower core slip form casting reaching level 12, the floor slab of level 9 is fully completed, and continually to level 10 respectively.

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

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**United State**

For food and beverage business, Dean & DeLuca, Inc. (DDUS) has continued its efforts to take corrective actions to improve existing store profitability while also keeping its eye on new store development, Consumer Brands product and new international franchise opportunities. Financial and Operational controls have been reassessed and repositioned to allow the company to see better returns on existing store profitability. In Consumer Brands Group (CBG), it successfully launched its Performance Bars in Q3/2017. In 2017, DEAN & DELUCA International signed two license agreements for Macau and Malaysia.

**Consumer Brands Group:**

The launch of the Consumer Brands Group represented the first new Dean & DeLuca consumer product sold in stores and outlets not owned by DEAN & DELUCA. The Performance Bars was launched at the in Q3/2017 in greater New York City.

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

**Product Assortment:**

- Merchant Core - Review all existing products, reducing SKUs and cutting off the unproductive tail of products, and developing new core assortment to reflect market trends which will lead to improved sales and margin.
- Review new system and reporting platform to improve visibility and analysis across all categories and consolidate the planning and open-to-buy process.

- Review of private label assortments to refresh current offerings and sourced for better high quality and relevant ingredients.
- Research new products.

**Catering:**

- New recipes, leadership and marketing strategies have yielded repeat orders and new customer contracts
- Catering operations have moved to NYC Commissary which has improved operations, quality, and capacity Social catering program has launched and has seen strong traction

**Sales and Marketing:**

- Revised Sales and Marketing plan underway to better position as Luxury brand
- Leveraging new partnership with social media agency to spur interest across multiple platforms which has created engagement in store and through e-commerce.

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

- Updated assortment and content to cater to market trends and to spur higher Average Order Value (AOV) and improve sales
- Renegotiated new freight prices through alternate supplier and packing optimization resulting in significant initial savings

**International**

As of December 31, 2017, licensed stores totaled 41 stores. Total licensed stores in 2016 was 30 stores. In this year, there were two new franchise partners officially signed agreement in 2017 which are Macau opened first location in Galaxy Mall and Malaysia which first café expected to open in the prestigious Pavilion Shopping Center, Kuala Lumpur, in 2018. And in Q4/2017, there was first café store opened in Bahrain.

**Japan**

As of December 31, 2017, Dean & DeLuca Café Japan, a joint venture café business with our Japanese licensed partner, had 17 Cafes in operation. Total new café stores opened in 2017 were 6 stores. In addition, our licensed partner opened a fine dining concept called The Artisan Table in Akasaka, Tokyo. This concept falls under the D&D Japan Market store operations. To follow the effective expansion plan, the focused location will be continued in urban areas which are high traffic or transportation hub in the major cities. With the experiencing in products assortment, selectiveness of locations and more, these could bring JV café business continuing increase sales and margin.

## Thailand

As of December 31, 2017, Dean & DeLuca (Thailand) (DDTH) operated 11 stores including 1 flagship store, 3 café restaurants, and 5 cafés. In addition, DDTH had 2 cafés in Suvarnabhumi Airport, which is operating under a joint venture with private individuals. DDTH formed a subsidiary, Dean & DeLuca Airport (DDAP), for the joint venture which we hold 51% interest in the joint venture. DDTH opened 1 stores in 2017 and closed 2 stores while DDAP opened 2 stores.

DDTH consolidated revenues, which included DDAP revenues, for the year end 2017 totaled 471 million Baht. This was an increase of 93% from 244 million Baht in 2016. DDAP revenues totaled 137 million Baht. The consolidated net loss from DDTH and DDAP was 131 million Baht, which include write-off of stores, depreciation expense, interest expense and tax equal to 89 million Baht. Without the write-off of stores, depreciation expense and interest expense, net loss would be 42 million Baht which was an improvement of 34 million Baht from 2016 to 2017.

We are continuing to work on our various offers, focusing on quality, discovery and innovation. We are expanding our prepared food offers in the cafes and continue to enhance our beverage, private label, and retail programs to become leaders in the market with our café restaurants and café stores. DDTH has transferred the kitchen production from the Cube restaurant to a central production facility in Q3, 2017. Our aim is to ensure the production of prepared food offerings is consistence and in high quality. We are reviewing sales and cost structures across the board to ensure all stores are profitable and can cover head office costs.

## FACTORS AFFECTING FUTURE PERFORMANCE

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### Real estate business:

The rising cost of land become main factor in real estate projects in finding a piece of land in good location with acceptable prices and enable the Company to develop the real estate projects for transferring to the potential customers with reasonable pricing. Moreover, the regulation of tax on land and building is uncontrollable which might affect to the purchase decision or invest in real estate sector. However, the Company has reviewed the trend of high-end real estate business and manage the strategies in penetrating the higher level of customer bases to ensure that the Company is continually recognizing revenues from real estate business in the future.

### Food and beverages business:

The factors that might be impacted to food and beverage business operation in the future are sophisticated in consumer demand, and online business.

Change in consumer demand meaning that customers may require further on healthfulness and quality food and beverage, this change could affect to increase in cost of research and development. However, DEAN & DELUCA has already offered Performance Bar which fully of superior nutrition with premium ingredients. Also, the recipe and menu that offered to the customers in the stores have added more healthier choices.

The significant growth in online business may reduce the traffic in the stores and shift to e-commerce services. As a result, DEAN & DELUCA has a B2C (business to customer) business to capture these target group selling through DEAN & DELUCA's website, and other online channels.

# 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 Mr. Wisit Kanjanopas as Member of Audit Committee. The Audit Committee operates independently, as well as 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 March 2017, Ms. Benjaporn Prisuwana has resigned from the Audit Committee. The Board of Directors has appointed Mr. Kraithip Krairiksh, Chairman of the Board of Directors. He is also a member of the Audit Committee. In November 2017, the Board of Directors has appointed Mr. Wisit Kanjanopas as Audit Committee Member replace Mr. Kraithip Krairiksh.

In the year 2017, the Company's Audit Committee held 5 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

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The Audit Committee reviewed the quarterly and annually Company's financial statements 2017 and consolidated financial statements. 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

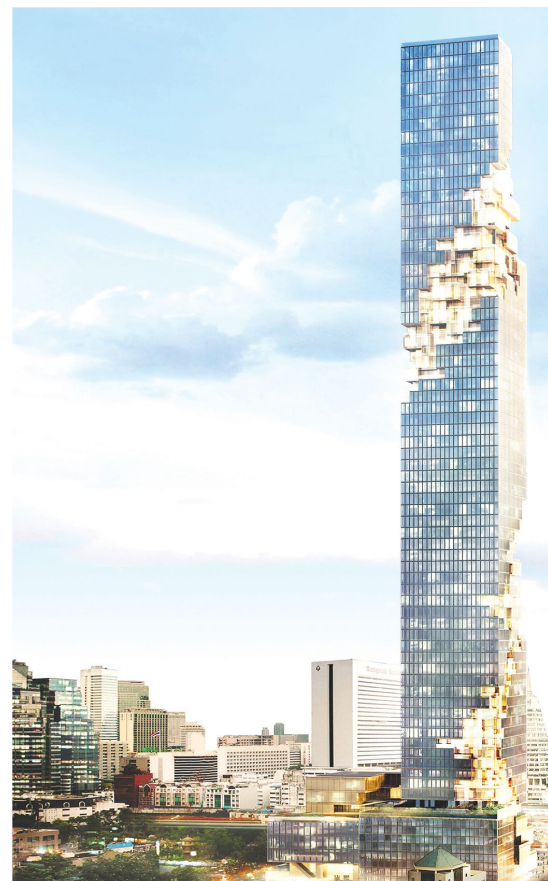
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The Audit Committee reviewed the Company's internal control systems with the internal audit unit and approved the annual internal audit plan; including quarterly review and monitoring, The Audit Committee has an opinion that the Company had been operating sufficiency and appropriately of the internal control systems.

## 3. REVIEW RELATED PARTY TRANSACTIONS

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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.







## 6. GOOD CORPORATE GOVERNANCE

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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

## 4. REVIEW OF COMPLIANCE WITH LAWS ON SECURITIES AND STOCK EXCHANGE, THE SET'S REGULATIONS AND LAWS RELATED TO THE COMPANY'S OPERATIONS

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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

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The Audit Committee reviewed the auditors' qualifications, business knowledge and experiences, as well as appropriateness of the compensation packages given to such auditors and proposed to the Board of Directors for consideration and approval from the Annual General Meeting of Shareholders. In the past year, 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.

## 7. THE AUDIT COMMITTEE'S PERFORMANCE ASSESSMENT

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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.

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Mrs. Ladda Siri wattanakosol  
Chairman of Audit Committee

# REPORT OF RISK MANAGEMENT COMMITTEE

The Risk Management Committee of PACE Development Corporation Public Company Limited comprised of 5 directors, of which 3 are independent directors: 1) Mr. Prasert Patradhilok (Chairman of Risk Management Committee), 2) Mrs. Ladda Siri wattanakosol and 3) Mr. Wisit Kanjanopas, and 2 executive directors: 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 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 2017, the Risk Management Committee held 2 meetings, where all members participated. The main meeting agenda is summarized below.

## 1. REVIEW THE CHARTER OF THE RISK MANAGEMENT COMMITTEE FOR THE YEAR 2017

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The Risk Management Committee considered amending the charter of the Risk Management Committee, focusing on the risk of corruption and the Company's declaration 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 measures of risk mitigation accordingly.

## 2. REVIEW THE RISK ASSESSMENT OF THE YEAR 2017

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The Risk Management Committee reviewed the Company's policy, risk assessment, and risk management approach, which covered various types of risks, including financial, investment, reputational, and corruption risks in order to propose to the Board of Directors for consideration.

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Mr. Prasert Patradhilok  
Chairman of the Risk Management Committee

# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of PACE Development Corporation Public Company Limited consisted of 5 members, including 3 independent directors; Ms. Benjaporn Prisuwan (Chairman of Nomination and Remuneration Committee), Mr. Prasert Patradhlok, Mrs. Ladda Siri wattanakosol and 2 executive directors; Mr. Sorapoj Techakraisri and Mr. Chotipol Techakraisri. Due to Ms. Benjaporn Privasuwan's resignation from the Board of Directors since March 8, 2017, the Board of Directors has appointed Ms. Ladda Siri wattanakosol as the interim Chairman of Nomination and Remuneration Committee. Thereafter, the Board of Directors appointed Mr. Wisit Kanjanopas to be the Chairman of the Nomination and Remuneration Committee, according to the resolution of the Board of Directors' Meeting No.12/2560 held on November 14, 2017.

The Nomination and Remuneration Committee has carried out the duty as specified in the charter. In 2017, the Nomination and Remuneration Committee held 4 meetings. The substantial summary of its performance is as follows;

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

The Nomination and Remuneration Committee has nominated qualified persons to fill the vacant position by considering the proportion and various aspects of qualifications of the committee according to good corporate governance.

## 2. CONSIDERING THE ANNUAL REMUNERATION FOR COMMITTEE

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

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

The Nomination and Remuneration Committee has considered, revised and amended the charter of the Nomination and Remuneration Committee to improve the guideline and practices of the Committee.

## 4. CONSIDERING REMUNERATION OF CHIEF EXECUTIVE LEVEL FOR YEAR OF 2016-2017

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

Mr. Wisit Kanjanopas  
Chairman of the Nomination  
and Remuneration Committee



# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pace Development Corporation Public Company Limited

***Disclaimer of Opinion on the Consolidated Statement of Comprehensive Income for the year ended December 31, 2017 and Qualified Opinion on the Consolidated Statement of Financial Position as at December 31, 2017 and Opinion on the Separate Financial Statements for the year ended December 31, 2017***

I have audited the consolidated and separate financial statements of Pace Development Corporation Public Company Limited and its subsidiaries ("the Pace Development Corporation 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, 2017, and the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

**Consolidated Statement of Comprehensive Income for the year ended December 31, 2017**

Because of the significant uncertainties of the estimation of income of observation deck as described in the Basis for Disclaimer of Opinion on the Consolidated Statement of Comprehensive Income paragraph could have material effects on the consolidated statement of comprehensive income, I do not express an opinion on the consolidated statements of comprehensive income for the year ended December 31, 2017.

**Consolidated Statement of Financial Position as at December 31, 2017**

Based on my audit, except for the effect of adjustments, if any, as might have been affected to the consolidated statement of financial position as at December 31, 2017 from the matter described in the Basis for Qualified Opinion on the Consolidated Statement of Financial Position paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Pace

Development Corporation Group as at December 31, 2017, and their consolidated cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Separate Financial Statements for the year ended December 31, 2017**

In my opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2017, and its separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

***Basis for Disclaimer of Opinion on the Consolidated Statement of Comprehensive Income for the year ended December 31, 2017 and Basis for Qualified Opinion on the Consolidated Statement of Financial Position as at December 31, 2017***

As discussed in Note 2 to the financial statements, the Pace Development Corporation Group engaged 2 independent financial advisory firms to measure fair values of investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. by using income approach method, discounted cash flow to present value and Black-Scholes option pricing model. Based on reports of the independent financial advisory firms dated May 12, 2017 and February 2, 2018, the fair values of such investments amounted to Baht 6,487 million and the Pace Development Corporation Group recorded such investments in the consolidated statement of financial position as at December 31, 2017 amounting to Baht 6,487 million and recognized effect from loss of control in subsidiaries in the consolidated statement of comprehensive income for the year ended December 31, 2017 amounting to Baht 7,112.6 million. However, as a limitation by circumstance, I am unable to obtain sufficient appropriate audit evidence on which to base the opinion on the report of such independent financial advisory firms on the estimation of income of observation deck based on the facts that the construction is not completed so there is no actual commercial operations to be compared and this is the new business in Thai market.

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 Pace Development Corporation Group and the Company in accordance with the Federation of Accounting Professions' 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.

#### ***Emphases of Matter***

Without any revision in my opinions on the financial statements, I draw attention to:

- a) Notes 2, 24 and 35 to the financial statements that, based on the consolidated statement of financial position as at December 31, 2017, the Pace Development Corporation Group had total current liabilities higher than total current assets of Baht 5,617 million and had deficit of Baht 4,822 million. Currently, the Pace Development Corporation Group has partially increased the Company's paid-up share capital of Baht 3,894 million and is in process of finding new investors. Thus, the Pace Development Corporation Group's ability to continue their operations as a going concern may significantly depend on the successful of finding new investors and management's ability to manage the Pace Development Corporation Group's future operations to generate sufficient cash flows using for their future operations. This uncertainty of success of the plans mentioned above may affect significant uncertainties about the ability to continue their operations as a going concern. However, the management considers that the preparation of the financial statements for the year ended December 31, 2017 based on the accounting basis that the Pace Development Corporation Group will continue their operations as a going concern is appropriate and proper.

Accordingly, such financial statement does not include any adjustments relating to the realization of the carrying value and classification of the assets or the amount and classification of liabilities that might be necessary should the Pace Development Corporation Group be unable to continue their operations as a going concern.

- b) Note 2 to the financial statements that the consolidated financial statements for the year ended December 31, 2017 have been prepared based on loss of control of the Pace Development Corporation Group in two related parties after the incremental of share capital to new investors by consideration of the actual joint operation in such two related parties and a letter from an authorized director of such two related parties who is the representative of a new major investor dated August 15, 2017. The treatment on this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on August 15, 2017, together with the consent of an independent advisory firm.
- c) Note 2 to the financial statements that the consolidated financial statements for the year ended December 31, 2017 included financial statements for the year then ended of a subsidiary, which have been prepared based on quantitative information of construction area of each project.
- d) Notes 4 and 13 to the financial statements that since the second quarter of 2017, the Pace Development Corporation Group changed their valuation method of land from cost model to revaluation model based on the appraisal report of an independent appraisal firm.

#### ***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 Pace Development Corporation 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 Pace Development Corporation 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 Pace Development Corporation 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 projected calculation of recoverable amount prepared by the management to assess the 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 Pace Development Corporation 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 Pace Development Corporation Group's disclosures made in notes to financial statements.</li> </ul>

Key Audit Matter Details	Auditor's Approach
<p><b><i>Assessment of deferred tax assets</i></b></p> <p>The Pace Development Corporation Group has significant amount of deferred tax assets in the statement of financial position. Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. The Pace Development Corporation Group re-assesses unrecognized deferred tax assets at each statement of financial position date. The Pace Development Corporation Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered and conversely reduces the carrying amount of a deferred 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 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 Pace Development Corporation 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 Pace Development Corporation 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 Pace Development Corporation 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 Pace Development Corporation 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 Pace Development Corporation 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 Pace Development Corporation 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 Pace Development Corporation 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 Pace Development Corporation 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, 2018

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

## A S S E T S

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2017	2016	2017	2016
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6, 22	1,202,394,010	692,454,925	127,705,749	186,195,012
Savings deposit with specific purpose	5, 6	-	-	929,214	-
Short-term investments	7	9,845,971	44,695,181	9,845,971	44,695,181
Trade and unbilled trade account receivables					
- Related companies	5	5,389,110	50,203,390	-	-
- Other companies - net	8	74,711,525	43,140,306	38,564,496	-
Inventories - net	9	216,397,062	296,007,881	-	-
Real estate projects for sales under development	5, 12, 13, 14, 19, 21, 22, 23, 34	12,347,075,663	13,873,405,875	6,738,726,131	5,257,390,647
Advance payments for construction		117,139,388	338,847,905	4,387,911	94,704,655
Short-term loans to subsidiaries and interest receivables	5	-	-	-	2,513,091,088
Advances to and other current receivables from subsidiaries, joint venture, related company and person	5	38,186,346	6,715,247	161,378,795	126,143,553
Refundable value added tax		84,470,591	238,179,037	-	1,470,280
Other current assets		246,472,009	149,692,550	46,842,856	4,916,254
<b>Total Current Assets</b>		<b>14,342,081,675</b>	<b>15,733,342,297</b>	<b>7,128,381,123</b>	<b>8,228,606,670</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries - net	2, 5, 10, 16, 22	-	-	2,631,790,120	2,935,143,503
Investments in joint ventures - net	2, 5, 10, 11, 34	6,703,218,719	227,911,164	97,784,461	-
Restricted savings deposit and current account	5, 22, 34	100,393,353	291,042,913	47,437,720	39,312,602
Accrued management fee income	5	106,466,000	-	289,106,000	240,000,000
Interest receivables from subsidiaries, joint venture and related company	5	302,068,133	823,855	1,699,873,085	1,739,832,884
Long-term loans to subsidiaries, jointventure and related company - net	5, 22	1,741,007,515	75,244,470	6,820,095,556	8,172,460,692
Rights to use assets - net	15, 34	16,121,703	46,258,835	-	-
Advance payment for purchase of land	34	100,000,000	-	100,000,000	-
Advance payments for construction		312,660,870	778,419,378	177,853,072	276,219,790
Deferred loan arrangement fee		-	8,200,000	-	-
Property, plant and equipment - net	4, 5, 12, 13, 19, 21, 22, 23, 34	3,514,547,211	7,301,903,472	81,273,871	74,116,314
Properties for lease - net	11, 13, 14, 22, 23	-	691,198,039	659,810,600	674,798,640
Goodwill - net	16	2,551,225,418	3,665,421,304	-	-
Other intangible assets - net	17	1,981,475,430	2,292,177,643	4,373,481	5,567,946
Deferred tax assets - net	18	414,554,995	564,042,918	228,188,855	175,727,544
Other non-current assets - net	5	236,805,521	155,174,398	22,293,552	11,104,636
<b>Total Non-Current Assets</b>		<b>18,080,544,868</b>	<b>16,097,818,389</b>	<b>12,859,880,373</b>	<b>14,344,284,551</b>
<b>TOTAL ASSETS</b>		<b>32,422,626,543</b>	<b>31,831,160,686</b>	<b>19,988,261,496</b>	<b>22,572,891,221</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, 2017

## LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term borrowings from					
financial institutions	12, 13, 19, 22	4,340,703,635	1,141,023,799	3,725,533,425	500,000,000
Short-term borrowings	20	698,075,673	4,444,980,779	450,400,053	4,346,220,665
Trade account payables					
- Related company	5	6,489,781	-	-	-
- Other companies		2,483,737,399	1,660,243,014	872,706,998	462,651,560
Payable for purchase of land	12	101,412,000	101,412,000	101,412,000	101,412,000
Other current payables to subsidiaries, joint ventures					
and related companies	5	111,698,978	23,076,857	18,357,039	2,212,745
Other current payables		65,518,462	32,855,492	-	-
Current portion of long-term borrowings from					
financial institutions	5, 6, 10, 12, 13, 14, 22, 26	4,830,929,732	9,235,365,213	1,799,928,723	1,120,277,000
Current portion of liabilities under finance lease contracts		2,947,874	6,135,242	2,660,542	3,386,641
Current portion of debentures	24	4,526,925,146	1,393,515,168	4,526,925,146	1,393,515,168
Current poriton of long-term borrowings from other persons	12, 13, 14, 23	30,000,000	-	30,000,000	-
Short-term borrowings from related companies and					
related person and accrued interest	5	121,229,595	-	-	-
Advances and deposits received from customers	5, 22, 34	1,535,822,398	3,011,073,074	287,106,685	258,332,920
Current income tax payable		3,067,697	9,163,809	-	-
Accrued expenses		584,240,353	467,962,951	114,019,132	82,886,416
Accrued construction costs		116,921,484	48,743,064	1,380,473	-
Other current liabilities		399,534,920	319,575,550	119,029,147	79,741,172
<b>Total Current Liabilities</b>		<b>19,959,255,127</b>	<b>21,895,126,012</b>	<b>12,049,459,363</b>	<b>8,350,636,287</b>
<b>NON-CURRENT LIABILITIES</b>					
Deposits received from customers	21, 34	2,109,117,506	1,572,437,071	1,935,761,476	1,500,268,709
Other non-current payables to joint ventures	5	437,122,868	-	-	-
Interest payable to joint ventures	5	29,245,287	-	-	-
Long-term borrowings from joint ventures	5, 10, 12	499,791,588	-	-	-
Long-term borrowings from financial institutions - net	5, 6, 10, 12, 13, 14, 22, 26	4,714,291,421	2,513,505,149	1,437,460,905	2,128,260,489
Long-term borrowings from other persons and					
other companies - net	12, 13, 14, 23	490,589,042	30,000,000	-	30,000,000
Liabilities under finance lease contracts - net		3,118,906	6,028,979	2,824,231	5,446,983
Debentures - net	24	-	3,300,863,331	-	3,300,863,331
Deferred tax liabilities	18	1,594,215,726	691,201,184	-	-
Non-current provision for employee benefit	25	18,273,281	17,481,854	15,999,452	15,025,310
Other non-current liabilities		305,671,897	115,304,405	-	-
<b>Total Non-Current Liabilities</b>		<b>10,201,437,522</b>	<b>8,246,821,973</b>	<b>3,392,046,064</b>	<b>6,979,864,822</b>
<b>Total Liabilities</b>		<b>30,160,692,649</b>	<b>30,141,947,985</b>	<b>15,441,505,427</b>	<b>15,330,501,109</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, 2017

## LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2017	2016	2017	2016
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	2, 27				
- Authorized share capital, ordinary share					
16,782,648,000 shares in 2017 and 4,078,028,197 shares					
in 2016 at Baht 1 par value		16,782,648,000	4,078,028,197	16,782,648,000	4,078,028,197
- Issued and paid share capital, ordinary share					
3,758,028,197 shares at Baht 1 per share		3,758,028,197	3,758,028,197	3,758,028,197	3,758,028,197
Share premium on ordinary shares		3,846,808,395	3,846,808,395	3,846,808,395	3,846,808,395
Other reserve	5	234,718,370	463,167,988	-	-
Discount on increase in shareholding in subsidiaries	2	(676,369,870)	(1,064,004,042)	-	-
Discount on business combination under common control		(324,475,349)	(324,475,349)	-	-
Other components of equity	4, 13	215,084,993	173,619,915	-	-
Retained earnings (Deficit)					
- Appropriated for legal reserve	28	15,643,231	15,643,231	15,643,231	15,643,231
- Deficit		(4,822,496,023)	(5,179,576,734)	(3,073,723,754)	(378,089,711)
<b>Equity Attributable to Owners of the Parent</b>		2,246,941,944	1,689,211,601	4,546,756,069	7,242,390,112
Non-controlling interests	2, 26	14,991,950	1,100	-	-
<b>Shareholders' Equity - Net</b>		2,261,933,894	1,689,212,701	4,546,756,069	7,242,390,112
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		32,422,626,543	31,831,160,686	19,988,261,496	22,572,891,221

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, 2017

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
<b>Revenues</b>	5				
Revenue from sales of residential condominium units and villa		5,923,764,951	1,375,102,102	96,500,903	32,829,000
Revenue from sales of merchandises, foods and beverages		3,141,698,857	3,235,503,278	-	-
Revenue from trademark and trade name fees		32,077,178	771,275,082	-	-
Rental and service income		16,731,780	53,458,986	-	-
Interest income		103,620,050	2,407,915	662,484,825	667,792,277
Gain on foreign exchange - net		-	-	-	12,239,680
Management fee income		25,164,606	-	89,588,010	75,145,084
Other income		27,829,768	28,996,657	4,926,011	1,512,999
<b>Total Revenues</b>		<u>9,270,887,190</u>	<u>5,466,744,020</u>	<u>853,499,749</u>	<u>789,519,040</u>
<b>Expenses</b>	5				
Costs of sales of residential condominium units and villa	12	4,451,245,960	1,029,453,687	102,725,458	21,370,371
Costs of sales of merchandises, foods and beverages		1,658,267,989	1,649,415,314	-	-
Costs of rental and service		28,702,575	103,281,943	-	-
Selling expenses		3,304,396,951	2,356,836,496	48,565,647	107,064,499
Administrative expenses		2,508,048,159	1,851,840,663	580,049,311	426,396,646
Impairment loss on assets	5, 10, 12, 16	2,304,442,746	183,461,651	1,976,418,543	-
Management benefit expenses		51,623,574	51,378,001	48,082,854	47,759,451
Loss on foreign exchange - net		6,830,022	6,961,298	208,681,881	-
Finance costs		975,967,000	638,118,841	640,660,784	497,912,075
<b>Total Expenses</b>		<u>15,289,524,976</u>	<u>7,870,747,894</u>	<u>3,605,184,478</u>	<u>1,100,503,042</u>
<b>Loss before Share of Loss of Investments in Joint Ventures</b>		<u>(6,018,637,786)</u>	<u>(2,404,003,874)</u>	<u>(2,751,684,729)</u>	<u>(310,984,002)</u>
Effect from loss of control in subsidiaries	2	7,112,643,171	-	-	-
Share of loss of investment in joint venture	11	(4,515,999)	(3,333,484)	-	-
<b>Profit (Loss) before Tax</b>		<u>1,089,489,386</u>	<u>(2,407,337,358)</u>	<u>(2,751,684,729)</u>	<u>(310,984,002)</u>
Tax Income (Expense)	18	(918,081,156)	80,939,793	53,179,185	68,014,748
<b>Profit (Loss) for the Year</b>		<u>171,408,230</u>	<u>(2,326,397,565)</u>	<u>(2,698,505,544)</u>	<u>(242,969,254)</u>
<b>Other Comprehensive Income (Loss):</b>					
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Currency translation differences		(168,553,761)	(21,001,492)	-	-
<b>Item that will not be reclassified subsequently to profit or loss:</b>					
Actuarial gains		4,331,660	-	3,589,376	-
Income tax relating to actuarial gains		(866,332)	-	(717,875)	-
Net		3,465,328	-	2,871,501	-
Revaluation surplus of land	4	262,523,549	-	-	-
Income tax relating to revaluation surplus of land		(52,504,710)	-	-	-
Net		210,018,839	-	-	-
<b>Other Comprehensive Income (Loss) for the Year - Net of Tax</b>		<u>44,930,406</u>	<u>(21,001,492)</u>	<u>2,871,501</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<u>216,338,636</u>	<u>(2,347,399,057)</u>	<u>(2,695,634,043)</u>	<u>(242,969,254)</u>
<b>Income (Loss) for the year attributable to:</b>					
Owners of the parent		171,117,480	(2,326,397,565)	(2,698,505,544)	(242,969,254)
Non-controlling interests		290,750	-	-	-
		<u>171,408,230</u>	<u>(2,326,397,565)</u>	<u>(2,698,505,544)</u>	<u>(242,969,254)</u>
<b>Total comprehensive income (loss) for the year attributable to:</b>					
Owners of the parent		216,047,886	(2,347,399,057)	(2,695,634,043)	(242,969,254)
Non-controlling interests		290,750	-	-	-
		<u>216,338,636</u>	<u>(2,347,399,057)</u>	<u>(2,695,634,043)</u>	<u>(242,969,254)</u>
<b>Basic Earnings (Loss) per Share Attributable to Owners of the Parent</b>		<u>0.046</u>	<u>(0.669)</u>	<u>(0.718)</u>	<u>(0.070)</u>
<b>Weighted Average Number of Shares (In Shares)</b>	27	<u>3,758,028,197</u>	<u>3,477,787,486</u>	<u>3,758,028,197</u>	<u>3,477,787,486</u>

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



**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	Separate Financial Statements (In Baht)			
		Issued and paid-up share capital	Premium on common shares	Retained earnings (Deficit)	Net
				Appropriated for legal reserve	Deficit
<b>Balance as at January 1, 2016</b>		3,261,678,197	2,897,314,489	15,643,231	(135,120,457)
					6,039,515,460
Total comprehensive loss for the year		-	-	-	(242,969,254)
					(242,969,254)
Increase in share capital	27	496,350,000	949,493,906	-	-
					1,445,843,906
<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
Total comprehensive loss for the year		-	-	-	(2,695,634,043)
					(2,695,634,043)
<b>Balance as at December 31, 2017</b>		3,758,028,197	3,846,808,395	15,643,231	(3,073,723,754)
					4,546,756,069

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, 2017

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Profit (loss) for the year	171,408,230	(2,326,397,565)	(2,698,505,544)	(242,969,254)
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:				
Management fee income	(7,799,400)	-	(49,106,000)	(60,000,000)
Allowance for doubtful accounts (reversal) and loss from debt forgiveness	1,633,983,032	(351,311)	1,661,849,621	-
Allowance for decline in value of inventories (reversal)	(1,178,430)	343,026	-	-
Loss on decline in value of real estate project for sales under development	163,900,000	33,100,000	124,100,000	-
Depreciation and amortization	282,786,114	332,474,482	35,740,227	21,114,135
Gain on sales of short-term investments	(29,806)	(670,774)	(29,806)	(670,774)
Gain on sales of equipment	(705,550)	(690,842)	(692,713)	(459,024)
Write-off leasehold improvements and equipment	53,520,003	8,475,943	1,299,737	9,131
Write-off other intangible assets	28,200	3,015,952	-	-
Reversal of unbilled construction payables	-	(10,756,935)	-	-
Provision for employee benefit	5,221,123	9,878,206	4,563,518	8,794,001
Unrealized loss (gain) on foreign exchange - net	1,212,391	957,398	208,892,455	(12,375,908)
Unrealized gain on revaluation of short-term investments	(120,984)	(112,091)	(120,984)	(112,091)
Effect from loss of control in subsidiaries	(7,112,643,171)	-	-	-
Impairment loss on investment in subsidiary and joint venture	-	-	205,568,922	-
Impairment loss on other intangible assets and goodwill	561,442,746	183,461,651	-	-
Share of loss of investments in joint ventures	4,515,999	3,333,484	-	-
Tax expense (income)	918,081,156	(80,939,793)	(53,179,185)	(68,014,748)
Interest income	(103,620,050)	(2,407,915)	(662,484,825)	(667,792,277)
Finance costs	975,967,000	638,118,841	640,660,784	497,912,075
<b>Decrease (increase) in operating assets:</b>				
Trade and unbilled trade account receivables	(47,229,152)	12,815,820	(38,564,496)	-
Inventories	80,789,249	(28,076,459)	-	21,370,371
Advances to and other current receivables from subsidiaries, joint venture, related company and person	8,107,621	19,340,352	(32,995,967)	(19,410,429)
Refundable value added tax	(40,717,491)	(80,101,930)	1,470,280	(351,901)
Real estate projects for sales under development	2,036,805,707	(1,983,799,408)	(969,742,857)	(1,443,721,535)
Advance payments for construction	251,659,187	(191,680,147)	188,683,461	(317,731,650)
Advance payment for purchase of land	(100,000,000)	-	(100,000,000)	-
Other current assets	(137,554,474)	(32,097,157)	(43,276,222)	674,167
Other non-current assets	(722,045)	(86,006,441)	(1,574,482)	3,823,969
<b>Increase (decrease) in operating liabilities:</b>				
Trade account payables and accrued construction costs	208,266,898	83,114,319	(2,370,106)	(96,035)
Other current payables to subsidiaries, joint ventures and related companies	143,460,121	9,246,388	16,144,294	769,060
Advances and deposits received from customers	(924,958,222)	829,881,295	464,266,531	712,412,792
Other current payables	32,662,970	11,933,753	-	-
Accrued expenses	166,214,289	239,518,624	8,222,046	31,483,251
Other current liabilities	132,650,074	26,899,446	39,287,975	59,525,623
Other non-current liabilities	191,254,947	103,771,463	-	-
Payment of employee benefit	(98,036)	(1,637,700)	-	(1,637,700)
Tax paid	(89,082,412)	(29,928,942)	(9,981,986)	(434,731)
<b>Net Cash Used in Operating Activities</b>	<b>(542,522,166)</b>	<b>(2,305,974,967)</b>	<b>(1,061,875,322)</b>	<b>(1,477,889,482)</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, 2017

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
The effect on cash flows from loss of control in subsidiaries	4,998,691,446	-	-	-
Increase in investments in subsidiaries	14,700,100	-	-	(1,000,000)
Increase in investment in joint venture	-	(273,399,955)	-	-
Unrecognition royalty income	-	31,108,549	-	-
Increase in savings deposit with specific purpose	-	-	(929,214)	-
Increase in restricted savings deposit and current account	116,900,543	(64,340,721)	(8,125,117)	(22,296,705)
Additions in non-controlling interests from investments in new subsidiary	-	-	-	-
Increase in short-term investments	-	(855,000,000)	35,000,000	(855,000,000)
Proceeds from sales of short-term investments	35,000,000	880,000,000	-	880,000,000
Increase in short-term loans to subsidiaries and related person	(75,000,000)	-	(1,381,895,620)	(1,901,478,904)
Cash receipts from short-term loans to subsidiaries and related person	75,000,000	-	6,000,000	208,786,900
Increase in long-term loans to subsidiaries and related company	(566,165,256)	(74,115,300)	(2,909,128,022)	(1,514,750,000)
Cash receipts in long-term loans to subsidiaries and related company	-	-	6,172,030,603	105,000,000
Proceeds from sales of equipment	20,125,339	6,521,631	74,548	4,619,520
Purchases of property, plant and equipment	(1,203,020,139)	(1,551,994,948)	(26,384,590)	(37,852,974)
Purchases of other intangible assets	(13,625,565)	(25,587,751)	(1,077,900)	(3,570,263)
Decrease (increase) in advance payments for construction	124,777,698	(365,613,795)	-	-
Payment of rights to use assets	(22,795,050)	(15,612,563)	-	-
Increase in properties for lease	(9,699,981)	(6,402,119)	-	(195,693)
Interest received	8,673,840	1,596,423	812,540,009	18,979,124
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>3,503,562,975</b>	<b>(2,312,840,549)</b>	<b>2,698,104,697</b>	<b>(3,118,758,995)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Increase in bank overdrafts and short-term loans from financial institutions	3,243,063,469	651,795,625	3,227,200,092	500,000,000
Increase in short-term loans	1,972,000,000	4,875,000,000	1,560,000,000	4,275,000,000
Repayment of short-term loans	(5,774,000,000)	(3,125,000,000)	(5,512,000,000)	(2,625,000,000)
Cash receipts from short-term loans from subsidiaries	123,078,598	-	-	598,000,000
Repayment of short-term loans from subsidiaries	-	-	-	(598,000,000)
Cash receipts from loans from director	-	85,141,920	-	-
Repayment of loans from director	-	(85,141,920)	-	-
Cash receipts from long-term borrowings from related companies (Note 5)	849,537,119	-	-	-
Cash receipts from long-term borrowings from financial institutions	4,410,520,145	3,387,355,852	1,017,846,915	2,142,104,605
Cash receipts from long-term borrowings from other persons and other companies	500,000,000	-	-	-
Cash receipts from debentures	1,219,000,000	3,123,000,000	1,219,000,000	3,123,000,000
Repayment of long-term borrowings from financial institutions	(6,417,112,268)	(896,558,291)	(1,051,322,734)	-
Repayment of long-term borrowings from other persons and other companies	(57,263,025)	-	-	-
Repayment of debentures	(1,400,000,000)	(2,999,500,000)	(1,400,000,000)	(2,999,500,000)
Repayment of liabilities under finance lease contracts	(6,567,794)	(4,037,890)	(3,385,661)	(3,167,842)
Transaction costs relating to incremental of preferred share in subsidiaries	(45,951,716)	-	-	-
Payment of loan arrangement fee and debenture underwriting fee	(202,124,297)	(137,903,452)	(57,456,168)	(49,763,570)
Proceeds from increase in share capital	-	960,000,000	-	960,000,000
Payment of expenses relating to increase in share capital	-	(43,206,094)	-	(43,206,094)
Interest paid	(865,281,955)	(1,130,775,526)	(694,601,082)	(621,823,398)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(2,451,101,724)</b>	<b>4,660,170,224</b>	<b>(1,694,718,638)</b>	<b>4,657,643,701</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>509,939,085</b>	<b>41,354,708</b>	<b>(58,489,263)</b>	<b>60,995,224</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>692,454,925</b>	<b>651,100,217</b>	<b>186,195,012</b>	<b>125,199,788</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,202,394,010</b>	<b>692,454,925</b>	<b>127,705,749</b>	<b>186,195,012</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, 2017

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>Non-Cash Transactions</b>				
a) Interest expense recorded as cost of real estate project for sales under development and property, plant and equipment	14,771,408	7,696,345	12,900,009	6,625,494
b) Net change in construction payables and accrued construction costs for real estate projects for sales under development	279,849,687	1,289,740,948	412,933,471	456,336,767
c) Transfer real estate projects for sales under development to property, plant and equipment	3,168,310	-	-	-
d) Transfer real estate projects for sales under development to properties for lease	-	-	3,168,310	-
e) Transfer furnitures of sales gallery to real estate project for sales under development	-	44,541,592	-	-
f) Deferred loan arrangement fee and debenture underwriting fee capitalized as a part of real estate project for sales under development and property, plant and equipment	42,207,643	31,615,415	11,583,191	10,816,294
g) Short-term borrowings transferred to long-term borrowings from other persons	-	30,000,000	-	30,000,000
h) Purchase of land by share swap	-	529,050,000	-	529,050,000
i) Short-term loans to subsidiaries and interest receivables transferred to long-term loans to subsidiaries and interest receivables	-	-	3,908,843,364	-
j) Revaluation surplus of land	262,523,549	-	-	-
k) Property, plant and equipment increased by means of :				
- Finance lease agreements	470,353	2,625,000	36,810	2,625,000
- Net change in payables for purchase of property, plant and equipment	749,645,178	352,499,514	(363,532)	6,314,794
- Cash payments	1,203,020,139	1,551,994,948	26,384,590	37,852,974
Total	1,953,135,670	1,907,119,462	26,057,868	46,792,768
l) In second quarter of 2017, the Pace Development Corporation Group lost control in 2 subsidiaries. Detail of assets and liabilities of these subsidiaries at the date of lost of control in subsidiaries were summarized as discussed in Note 2.				

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

## **PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

### **Notes to Financial Statements**

**December 31, 2017**

#### **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, 2017 and 2016 is Techakraisri Group who owned 43.27% of the Company’s authorized share capital.

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 THE CONSOLIDATED AND SEPARATE 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.

#### **Status of the Pace Development Corporation Group**

As at December 31, 2017, the Pace Development Corporation Group had total current liabilities higher than total current assets of Baht 5,617 million and had deficit of Baht 4,822 million. Up to the present, the Pace Development Corporation Group has partially increased the Company’s paid-up share capital of Baht 3,894 million and is in process of finding new investors. Thus, the Pace Development Corporation Group’s ability to continue their operations as a going concern may significantly depend on the successful of finding new investors and management’s ability to manage the Pace Development Corporation Group’s future operations to generate sufficient cash flows using for their future operations. This uncertainty of success of the plans mentioned above may affect significant uncertainties about the ability to continue their operations as a going concern. However, the management considers that the preparation of the financial statements for the year ended December 31, 2017 based on the accounting basis that the Pace Development Corporation Group will continue their operations as a going concern is appropriate and proper. Accordingly, such financial statement does not include any adjustments relating to the realization of the carrying value and classification of the assets or the amount and classification of liabilities that might be necessary should the Pace Development Corporation Group be unable to continue their operations as a going concern.

- 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) 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 Baht 7,783.2 million. The Company and its subsidiaries entered into Subscription Agreements with such 2 investors on January 10, 2017 and entered into First Amendment Subscription Agreements and Shareholders Agreements on January 30, 2017. Under the agreements,
- (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 Baht 192.1 million (divided into 1,170,970 Group B preference shares at Baht 100 per share and 750,030 Group C preference shares at Baht 100 per share). Hence, the share capital will increase from Baht 200 million (ordinary share 2,000,000 shares at Baht 100 par value) to Baht 392.1 million (ordinary share of 2,000,000 shares at Baht 100 par value and preference share of 1,921,000 shares at Baht 100 par value). Such subsidiary registered the capital increment with the Ministry of Commerce on February 28, 2017.
  - (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 (ordinary share 1,000,000 shares at Baht 100 par value) to Baht 195 million (ordinary share of 1,000,000 shares at Baht 100 par value and preference share of 950,000 shares at Baht 100 par value). Such subsidiary registered the capital increment with the Ministry of Commerce on February 28, 2017.

Share capital of the Pace Project One Co., Ltd. consisted of ordinary share of 2,000,000 shares (Group A ordinary shares) at Baht 100 par value and preference share of 1,921,000 shares (divided into 1,170,970 Group B preference shares and 750,030 Group C preference shares) at Baht 100 par value, which have rights as indicated in the articles of association as follows:

- (a) Each Group B preference shareholder and Group C preference shareholder shall be entitled to receive annual cumulative-fixed dividend at the rate of Baht 26.84 per share. First to each Group B preference shareholder, second to each Group C preference shareholder, and in priority to all ordinary shareholder, but not be entitled to any further right to participate in the profits of the Pace Project One Co., Ltd.
- (b) The ordinary shareholder shall have the right to vote at one (1) share for one (1) vote and the Group B and Group C preference shareholder shall have the right to vote at one (1) share for one (1) vote.

Share capital of the Pace Project Three Co., Ltd. consisted of ordinary share of 1,000,000 shares (Group A ordinary shares) at Baht 100 par value and preference share of 950,000 shares (divided into 579,100 Group B preference shares and 370,900 Group C preference shares) at Baht 100 par value, which have rights as indicated in the articles of association as follows:

- (a) Each Group B preference shareholder and Group C preference shareholder shall be entitled to receive annual cumulative-fixed dividend at the rate of Baht 2,144.64 per share and Baht 2,144.77 per share, respectively. First to each Group B preference shareholder, second to each Group C preference shareholder, and in priority to all ordinary shareholders, but not be entitled to any further right to participate in the profits of the Pace Project Three Co., Ltd.
- (b) The ordinary shareholders shall have the right to vote at one (1) share for one (1) vote and the Group B and Group C preference shareholders shall have the right to vote at one (1) share for one (1) vote.

Upon liquidation of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd., the net assets available for distribution to all shareholders after payment of all liabilities and expenses of such subsidiaries shall be allocated and paid in the following order:

- first, to each Group B preference shareholder for all unpaid and cumulative dividend, par value and share premium on preference shares (if any),
- second, to each Group C preference shareholder for all unpaid and cumulative dividend, par value and share premium on preference shares (if any),
- third, to each Group A ordinary shareholder.

In the second quarter of 2017, the Pace Development Corporation Group engaged an independent financial advisory firm to measure fair values of investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. by using income approach method and discounted cash flow to present value. Based on a report of the independent financial advisory firm dated May 12, 2017, the fair values of such investments amounted to Baht 8,231 million.

Subsequently, the Pace Development Corporation Group engaged another independent financial advisory firm, in accordance with the order of the Office of the Securities and Exchange Commission dated November 16, 2017 No. KorLorTor. KorChor. 2008/2560, to remeasure fair value of investment in Pace Project Three Co., Ltd. by using income approach method, discounted cash flows to present value and Black-Scholes option pricing model. Based on a report of the independent financial advisory firm dated February 2, 2018, the fair values of such investment amounted to Baht 6,487 million. Hence, the Pace Development Corporation Group recorded such investment in the consolidated statement of financial position as at December 31, 2017 amounting to Baht 6,487 million and recognized effect from loss of control in subsidiaries in the consolidated statements of comprehensive income for the year ended December 31, 2017 amounting to Baht 7,112.6 million. This transaction was approved by the Audit Committee's meeting and the Board of Directors' meeting held on February 9, 2018.

The consolidated financial statements for the year ended December 31, 2017, have been prepared based on loss of control of the Pace Development Corporation Group in two related parties after the incremental of share capital to new investors by consideration of the actual joint operation in such two related parties and a letter from an authorized director of such two related parties who is the representative of a new major investor dated August 15, 2017. The treatment on this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on August 15, 2017, together with the consent of an independent advisory firm.

The Pace Development Corporation Group measured investments in shares of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. at fair values based on 2 independent financial advisors' reports dated May 12, 2017 and February 2, 2018 of Baht 6,487 million. Such fair values in the independent financial advisors' reports were based on the following assumptions:

***Pace Project One Co., Ltd. - Bangkok Edition Hotel***

- Ability of property to generate income over the period of 10 years was based on financial projection of investment period to discounted cash flows.
- Average room rates and occupancy rates from 1<sup>st</sup> year to 10<sup>th</sup> year were determined at 60% - 76% based on the comparison of 5 stars hotel in Bangkok.
- Revenue from visitors at sky bar from 1<sup>st</sup> year to 10<sup>th</sup> year was determined by number of visitors based on the local leading operation.
- Discounted rate was at 8.5% which was estimated based on input from comparable of local companies operating in the same industry.
- Terminal value at the end of the 10<sup>th</sup> year was determined at the return of 8.5% with perpetual growth rate of 2.8% from net cash flows of the 10<sup>th</sup> year.
- Other assumptions were relevant to estimated revenues and expenses determined by the Company's management.

***Pace Project Three Co., Ltd.***

The Pace Development Corporation Group measured investment in shares of Pace Project Three Co., Ltd. at fair value by using income approach method, discounted cash flows to present value and Black-Scholes option pricing model applied for Pace Project Three Co., Ltd.'s business (Sky observation deck and Retail cube) as below:

	In Million Baht	Valuation methodologies
Common share value	399	Free cash flow to common equity - plain vanilla equity value
Add: Pace call rights - Group B preferred shares	3,379	} Black-Scholes option pricing model
Add: Pace call rights - Group C preferred shares	2,796	
Less: Preferred shareholders purchase rights	(87)	
Total	<u>6,487</u>	

In this regard, the Company's management decided to determine the fair value based on the up to date of cost to complete the project and opening date because those assumptions were determined based on the current situation including completeness and correctness of information. Therefore, the Company's management believes on that fair value.

***Assumption of present value of valuation of investment in share of Pace Project Three Co., Ltd.***

Discount rate : 10%

Terminal value : At the return of 10% with perpetual growth rate of 2.5% from net cash flows of the 20<sup>th</sup> year

Volatility : At the rates of 40.54% and 38.93% for Group B and C preferred share call rights, respectively, and at the rate of 40.54% for preferred shareholders purchase rights

*Assumption of present value of operating cash flows*

*Sky Observation Deck*

Period : Ability of property to generate income over the period of 20 years was based on financial projection of investment period to discounted cash flows which the Company's management expected to start of opening in June 2018

Number of deck visitors : At 4% of number of tourists in Bangkok for the first year operation compared to observatories from 6 countries (i.e. the United Kingdom, Australia, Macao Special Administrative Region of the People's Republic of China, the United States of America, Taiwan and the United Arab Emirates) and adjusted with the effect from opening of new observatories in Bangkok at the rate of 20% as below:

Year	Percentage of deck visitors to total tourists in Bangkok	Number of deck visitors (persons per day)
2018 - 2021	4%	4,283 - 6,678
2022 - 2023	3.2%	5,716 - 6,116
2024 - 2036	2.6%	5,235 - 8,803

Growth rate of tourist in Bangkok : At below rates:

Year	Growth rate of tourist in Bangkok
2018 - 2026	7%
2027 - 2031	3.6% - 6.3%
2032 - 2036	2.9%

Ticket price : Estimated by the Company's management which was compared to the weighted average prices from the various types of tickets net with sale discount and commission at the rates between 10% to 30% for the tourist group and general visitors as below:

Year	Average ticket price
2018	Baht 656 per visitor
2019 - 2036	Baht 718 to Baht 1,093 per visitor determined from inflation growth rate of 2.5%

Others : Other assumptions were relevant to estimated revenues and expenses determined by the Company's management.

**Retail Cube**

- Period : Ability of property to generate income over the period of 20 years was based on financial projection of investment period to discounted cash flows.
- Occupancy rates : At the rates of 95% and 100% for retail area and at the rate of 74% for storage area from 1st year to 20th year based on existing rental agreements and expected new tenants after the expiration of existing agreements.
- Rental and service rates : Considered from actual rental and service rates based on existing rental agreements until the expiration of each rental agreement and market rate adjusted with the increasing rate of 5% per year or inflation afterward as below:
- | <u>Year</u> | <u>Growth rate of rental and service rates</u> |
|-------------|--|
| 2017 - 2026 | 5%   |
| 2027 - 2031 | 3.75%  |
| 2032 - 2036 | 2.5%   |
- Others : Other assumptions were relevant to estimated revenues and expenses determined by the Company's management.

**Sensitivity analysis**

Sensitivity analysis is performed to analyse the risk that valuation of investment in shares of Pace Project Three Co., Ltd. will increase or decrease as a result of changes in fair value assumptions.

Reasonably possible changes at the reporting date to one of the relevant fair value assumptions, holding other assumptions constant, would have affected the fair value of investment in shares of Pace Project Three Co., Ltd. by the amounts shown below:

	<u>Impact to increase (decrease) fair value of investment in shares (in Million Baht)</u>	
	<u>Increase in change in assumption</u>	<u>Decrease in change in assumption</u>
Discount rate		
- Change of 0.5%	(741)	876
- Change of 1%	(1,373)	1,918
Number of deck visitors		
- Change of 5%	373	(461)
- Change of 10%	658	(918)
Volatility rate		
- Change of 5%	381	(378)
- Change of 10%	763	(749)
Rental rate for retail cube		
- Change of 5%	47	(47)
- Change of 10%	94	(93)

Although the analysis does not take into account of the full distribution of cash flows expected under the financial projection, it does provide an approximation of the sensitivity of the assumptions shown.



Hence, the Pace Development Corporation Group deconsolidated above 2 joint ventures. Detail of assets and liabilities of these joint ventures at the change of control date were summarized below:

	Decrease (Increase) (In Thousand Baht)
Trade and unbilled trade account receivables	60,489
Advances to and other current receivables from subsidiaries	(39,579)
Refundable value added tax	194,425
Other current assets	39,404
Restricted savings deposit and current account	73,749
Accrued management fee income	(98,666)
Interest receivables from subsidiaries and related company	(204,927)
Long-term loans to subsidiaries and related company	(2,742,816)
Rights to use assets - net	47,293
Advance payments for construction	311,030
Property, plant and equipment - net	5,574,693
Properties for lease - net	693,937
Goodwill - net	267,963
Other intangible assets - net	10,877
Deferred income tax assets - net	137,780
Other non-current assets - net	238
Trade account payables	(340,812)
Other current payables to related companies	(54,838)
Advances and deposits received from customers	(13,612)
Accrued expenses	(11,148)
Other current liabilities	(52,691)
Other non-current payables to related companies	430,635
Interest payable to related company	(4,640)
Long-term borrowings from related companies	(292,482)
Other non-current liabilities	(887)
Net Assets	3,985,415
Realized change from increase in shareholding in subsidiaries	387,634
	4,373,049
Add: Effect from loss of control in subsidiaries	7,112,643
Total	11,485,692
Less: Investments in joint ventures	(6,487,000)
Effect on cash flows from deconsolidation of subsidiaries	4,998,692

- d) The financial statements for each of the years ended December 31, 2017 and 2016 of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have been prepared based on the quantitative information of construction area of each project of the subsidiary and 2 joint ventures, which is shown below:

Subsidiary and joint ventures	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

- e) 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.
- f) During the year 2017, Dean and Deluca (Thailand) Co., Ltd. invested in Dean & DeLuca Airport Co., Ltd., a new subsidiary of Baht 15.3 million (ordinary share 152,999 shares at Baht 100 par value) resulting the Company had the percentage of indirect shareholding in this subsidiary of 51%. Such subsidiary registered with the Ministry of Commerce on January 5, 2017 with the registered capital of Baht 30 million (ordinary share 300,000 shares at Baht 100 par value).
- g) At the Board of Directors' meeting of the Company held on November 14, 2017, the Board of Directors has resolved to approve the registration of a new subsidiary of Pace Project Three Co., Ltd. (joint venture) with capital of Baht 1 million (common share 10,000 shares at Baht 100 par value) to engage in an operations of observation deck and retail.
- h) The consolidated financial statements for each of the years ended December 31, 2017 and 2016 include the financial statements of the Pace Development Corporation Group as follows:

	Nature of Business	Type of Holding	Proportionate of Share (%)	
			2017	2016
<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	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
Dean & DeLuca Airport Co., Ltd.	Food and beverage	Indirect	51	-
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	100	100
Pace Project One Co., Ltd.	Hotel	Direct and indirect	-	100
Pace Project Two Co., Ltd.	Luxury condominium	Direct and indirect	100	100
Pace Project Three Co., Ltd.	Shopping centre and sky observation deck	Direct and indirect	-	100

			Proportionate of Share (%)	
	Nature of Business	Type of Holding	2017	2016
<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	100
Dean & DeLuca Small Format Lq. LLC		Indirect	100	100
- The Companies incorporated in United Kingdom				
D&D Mount Limited	Food and beverage	Indirect	100	100
D&D Fourteen Limited	Food and beverage	Indirect	100	100
<b>Joint ventures</b>				
- The Companies incorporated in Thailand				
Pace Project One Co., Ltd.	Hotel	Direct and indirect	51	-
Pace Project Three Co., Ltd.	Shopping centre and sky observation deck	Direct and indirect	51.28	-
- The Company incorporated in Japan				
Dean & DeLuca Café Japan Co., Ltd.	Food and beverage	Indirect	50	50

- i) Significant transactions among the Pace Development Corporation Group have been eliminated in these consolidated financial statements.
- j) The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.
- k) 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 37 months, 44 months and 170 months.

### 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
Crystal lagoon	5 - 50
Furniture, fixtures and equipment	1 - 10
Media equipment	5
Vehicles	3 - 5

### 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
Crystal lagoon for lease	5 - 50
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 as 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	3 - 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 subsidiary and joint ventures

### *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 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 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 tax assets and deferred 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 tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Pace Development Corporation Group re-assesses unrecognized deferred tax assets. The Pace Development Corporation Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Pace Development Corporation Group conversely reduces the carrying amount of a deferred 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 tax assets to be utilized.

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

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

#### 4. CHANGE IN ACCOUNTING POLICY

##### *Change in Accounting for Land*

Since the second quarter of 2017, the Pace Development Corporation Group changed the accounting policy on valuation method of land from cost model to revaluation model based on the appraisal report of an independent appraisal firm by following Thai Accounting Standard No. 16 (revised 2016) “Property, Plant and Equipment” of which allows the valuation of property, plant and equipment at appraisal amounts for financial statement reporting purposes.

Land is stated at the revaluation amount. Revaluations are performed by independent professional valuer with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the statement of financial position date.

The Pace Development Corporation Group records the differences incurred from revaluation as follows:

- When an asset’s carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading “Revaluation surplus of land”. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.
- When an asset’s carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading “Revaluation surplus of land”.

The revaluation surplus of land is not available for dividend distribution.

Upon the disposal of the revalued land, the relevant portion of the revaluation surplus of land realized in respect of the previous valuation is released directly to retained earnings or deficit.

The effects from change in accounting for land in the consolidated financial statements are as follows:

	Increase (In Thousand Baht)
<b><i>Consolidated statement of financial position as at December 31, 2017</i></b>	
<b><i>Assets</i></b>	
Property, plant and equipment - net	262,524
<b><i>Liabilities</i></b>	
Deferred tax liabilities	52,505
<b><i>Shareholders’ equity</i></b>	
Other component of equity	210,019
<b><i>Consolidated statement of comprehensive income for the year ended December 31, 2017</i></b>	
<b><i>Other comprehensive income</i></b>	
Revaluation surplus of land	262,524
Income tax relating to other comprehensive income not be reclassified	(52,505)
Net	<u>210,019</u>

## 5. 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, 2017 and 2016 are as follows:

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2017	2016	2017	2016
<b>Revenue from sale of residential condominium units</b>						
Related persons	Shareholder and director's wife	Contract price	294,658	-	-	-
MFT Development Co., Ltd.	Related company	Contract price	-	9,000	-	9,000
Total			<u>294,658</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
<b>Revenues from sales of foods and beverages</b>						
Related persons	Shareholder	Mutual negotiation	271	-	-	-
Pace Project One Co., Ltd.	Joint venture	Mutual negotiation	81	-	-	-
Pace Project Three Co., Ltd.	Joint venture	Mutual negotiation	186	-	-	-
Fourteen Points Company Limited	Related company	Mutual negotiation	606	761	-	-
Fierce Publishing Company Limited	Related company	Mutual negotiation	429	460	-	-
Verita MHK (Thailand) Ltd.	Related company	Mutual negotiation	25	31	-	-
Total			<u>1,598</u>	<u>1,252</u>	<u>-</u>	<u>-</u>
<b>Creative service income</b>						
Pace Project Three Co., Ltd.	Joint venture	Mutual negotiation	7	-	-	-
Fourteen Points Company Limited	Related company	Mutual negotiation	300	259	-	-
Fierce Publishing Company Limited	Related company	Mutual negotiation	-	33	-	-
Total			<u>307</u>	<u>292</u>	<u>-</u>	<u>-</u>
<b>Rental and service income</b>						
Fourteen Points Company Limited	Related company	Contract price	6,538	29,818	-	-
Verita MHK (Thailand) Ltd.	Related company	Contract price	3,347	2,649	-	-
MahaNakhon Bespoke Tailoring Co., Ltd.	Related company	Contract price	335	1,340	-	-
Total			<u>10,220</u>	<u>33,807</u>	<u>-</u>	<u>-</u>
<b>Management fee income</b>						
YLP Company Limited	Subsidiary company	Contract price	-	-	2,400	-
Pace Project One Co., Ltd.	Joint venture	Contract price	19,831	-	33,775	24,141
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	-	46,168	42,751
Pace Project Three Co., Ltd.	Joint venture	Contract price	5,334	-	7,245	8,253
Total			<u>25,165</u>	<u>-</u>	<u>89,588</u>	<u>75,145</u>



			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2017	2016	2017	2016
<b>Other expenses</b>						
Finch & Partners Group (2)	Related company	Mutual negotiation	61,416	102,392	-	7,668
Grovepark International Limited (2)	Related company	Contract price	7,215	7,059	-	-
WM Advisory Co., Ltd. (2)	Related company	Contract price	20,000	20,000	-	-
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	-	-	157
Pace Project Three Co., Ltd.	Related company	Contract price	28,032	-	15,399	-
Pace Creative Agency Co., Ltd.	Subsidiary company	Mutual negotiation	-	-	629	-
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	Mutual negotiation	-	-	2,986	2,598
Fierce Publishing Co., Ltd.	Related company	Mutual negotiation	647	877	-	856
Fourteen Points Company Limited	Related company	Mutual negotiation	4,134	3,912	2,096	1,435
Total			<u>121,444</u>	<u>134,240</u>	<u>21,110</u>	<u>12,714</u>
<b>Purchase of fixed assets</b>						
WM Imagineer Co., Ltd. (2)	Related company	Mutual negotiation	<u>-</u>	<u>985</u>	<u>-</u>	<u>-</u>
<b>Purchase of marketing media</b>						
Finch & Partners Group (2)	Related company	Mutual negotiation	<u>-</u>	<u>22,033</u>	<u>-</u>	<u>-</u>

(2) Relatives through the subsidiaries' directors

The monetary management benefit expenses for each of the years ended December 31, 2017 and 2016 are as follows:

In Thousand Baht				
Description	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Salaries and other benefits	50,170	50,252	46,629	46,633
Meeting allowances	1,454	1,126	1,454	1,126
Total	<u>51,624</u>	<u>51,378</u>	<u>48,083</u>	<u>47,759</u>

The outstanding balances with related parties as at December 31, 2017 and 2016 in the consolidated financial statements are as follows:

	Consolidated Financial Statements (In Thousand Baht)					
	Balance as at December 31, 2016	Increase	Decrease	Currency translation differences	Effect from loss control in subsidiaries	Balance as at December 31, 2017
<b>Trade and unbilled trade account receivables</b>						
Pace Project One Co., Ltd.	-	86	(152)	-	2,690	2,624
Pace Project Three Co., Ltd.	-	42	(90)	-	781	733
Fourteen Points Company Limited	45,607	7,989	(1,229)	-	(52,055)	312
Verita MHK (Thailand) Ltd.	2,426	3,463	(855)	-	(5,025)	9
Fierce Publishing Co., Ltd.	492	932	(3)	-	-	1,421
MahaNakhon Bespoke Tailoring Co., Ltd.	1,678	347	-	-	(2,025)	-
Related person - shareholder	-	23,847	(23,557)	-	-	290
Total	<u>50,203</u>	<u>36,706</u>	<u>(25,886)</u>	<u>-</u>	<u>(55,634)</u>	<u>5,389</u>
<b>Advances to and other current receivables</b>						
Pace Project One Co., Ltd.	-	20,151	(27,334)	-	24,089	16,906
Pace Project Three Co., Ltd.	-	3,290	(133)	-	15,490	18,647
Pace Development Co., Ltd.	2,890	-	-	(257)	-	2,633
Related person - director	<u>3,825</u>	<u>9,000</u>	<u>(12,825)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>6,715</u>	<u>32,441</u>	<u>(40,292)</u>	<u>(257)</u>	<u>39,579</u>	<u>38,186</u>
<b>Short-term loans and interest receivables</b>						
Related person - subsidiary’s director						
- Principal	-	75,000	(75,000)	-	-	-
- Interest receivable	<u>-</u>	<u>1,371</u>	<u>(1,371)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>76,371</u>	<u>(76,371)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accrued management fee income</b>						
Pace Project One Co., Ltd.	-	3,900	-	-	64,933	68,833
Pace Project Three Co., Ltd.	<u>-</u>	<u>3,900</u>	<u>-</u>	<u>-</u>	<u>33,733</u>	<u>37,633</u>
Total	<u>-</u>	<u>7,800</u>	<u>-</u>	<u>-</u>	<u>98,666</u>	<u>106,466</u>
<b>Long-term loans and interest receivables</b>						
Pace Project One Co., Ltd.						
- Principal	-	500,000	-	-	2,742,816	3,242,816
- Interest receivable	<u>-</u>	<u>94,976</u>	<u>-</u>	<u>-</u>	<u>204,927</u>	<u>299,903</u>
	-	594,976	-	-	2,947,743	3,542,719
Less: Allowance for doubtful accounts	<u>-</u>	<u>(1,634,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,634,000)</u>
Net	<u>-</u>	<u>(1,039,024)</u>	<u>-</u>	<u>-</u>	<u>2,947,743</u>	<u>1,908,719</u>
Grovepark International Limited						
- Principal	75,244	66,165	-	(9,217)	-	132,192
- Interest receivable	<u>824</u>	<u>1,470</u>	<u>-</u>	<u>(129)</u>	<u>-</u>	<u>2,165</u>
	<u>76,068</u>	<u>67,635</u>	<u>-</u>	<u>(9,346)</u>	<u>-</u>	<u>134,357</u>
Total	<u>76,068</u>	<u>(971,389)</u>	<u>-</u>	<u>(9,346)</u>	<u>2,947,743</u>	<u>2,043,076</u>
<b>Other non-current assets - Deposits</b>						
Pace Project Three Co., Ltd.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,527</u>	<u>3,527</u>



## Consolidated Financial Statements (In Thousand Baht)

	Balance as at December 31, 2016	Increase	Decrease	Currency translation differences	Effect from loss control in subsidiaries	Balance as at December 31, 2017
<b>Trade account payable</b>						
Pace Project One Co., Ltd.	-	6,490	-	-	-	6,490
<b>Other current payables</b>						
Pace Project One Co., Ltd.	-	3,829	(19)	-	-	3,810
Pace Project Three Co., Ltd.	-	28,611	(3,625)	-	54,868	79,854
Pace Development Co., Ltd.	3,559	-	-	-	-	3,559
Grovepark International Limited	7,167	7,215	-	(913)	-	13,469
Fourteen Points Company Limited	1,410	4,149	(793)	-	(30)	4,736
Fierce Publishing Co., Ltd.	241	703	(256)	-	-	688
Finch & Partners Group	-	3,354	(3,112)	(9)	-	233
WM Advisory Co., Ltd.	10,700	21,400	(26,750)	-	-	5,350
Total	23,077	69,261	(34,555)	(922)	54,838	111,699
<b>Advances received from customers</b>						
Related persons - directors	40,327	32,469	-	-	-	72,796
Related person - shareholder	327	-	-	-	-	327
Dynasty Apparel Co., Ltd.	327	-	-	-	-	327
Verita MHK (Thailand) Ltd.	4,164	-	-	-	(4,164)	-
Total	45,145	32,469	-	-	(4,164)	73,450
<b>Short-term borrowings and accrued interest</b>						
Related persons - shareholders of subsidiary						
- Principal	-	23,520	-	-	-	23,520
- Accrued interest	-	1,559	-	-	-	1,559
	-	25,079	-	-	-	25,079
Related person - director						
- Principal	-	89,578	-	(3,408)	-	86,170
Prairie Marketing Limited						
- Principal	-	10,000	-	-	-	10,000
- Prepaid interest expense	-	(314)	295	-	-	(19)
	-	9,686	295	-	-	9,981
Total	-	124,343	295	(3,408)	-	121,230
<b>Other non-current payables</b>						
Pace Project One Co., Ltd.	-	4,822	-	-	315,057	319,879
Pace Project Three Co., Ltd.	-	1,666	-	-	115,578	117,244
Total	-	6,488	-	-	430,635	437,123

Consolidated Financial Statements (In Thousand Baht)						
	Balance as at December 31, 2016	Increase	Decrease	Currency translation differences	Effect from loss control in subsidiaries	Balance as at December 31, 2017
<b>Long-term borrowings and interest payables</b>						
Pace Project One Co., Ltd.						
- Principal	-	95,769	(28,632)	-	182,759	249,896
- Interest payable	-	13,773	-	-	850	14,623
	-	109,542	(28,632)	-	183,609	264,519
Pace Project Three Co., Ltd.						
- Principal	-	95,769	(28,632)	-	182,759	249,896
- Interest payable	-	13,773	-	-	850	14,623
	-	109,542	(28,632)	-	183,609	264,519
Apollo Asia Sprint Holding Company Limited						
- Principal	-	460,600	-	-	(460,600)	-
Mercer Investments (Singapore) Pte. Ltd.						
- Principal	-	197,400	-	-	(197,400)	-
Total	-	877,084	(57,264)	-	(290,782)	529,038
<b>Accrued expenses - accrued interest and accrued loan arrangement fee</b>						
Apollo Asia Sprint Holding Company Limited	-	6,592	(3,077)	-	(3,515)	-
Mercer Investments (Singapore) Pte. Ltd.	-	2,825	-	-	(2,825)	-
Total	-	9,417	(3,077)	-	(6,340)	-

The aging analyses of trade account receivables - related companies as at December 31, 2017 and 2016 are as follows:

Consolidated Financial Statements (In Thousand Baht)		
	2017	2016
Trade account receivables		
Within credit term	143	1,354
Overdue		
- Not over 3 months	243	7,420
- Over 3 months to 6 months	365	10,648
- Over 6 months to 12 months	806	19,534
- Over 12 months	1,501	8,946
Total trade account receivables	3,058	47,902
Unbilled trade account receivables	2,331	2,301
Total	5,389	50,203

## **SHORT-TERM LOANS TO RELATED PERSON**

Short-term loans to related person are unsecured loans lending to a director of subsidiary. These loans bear interest at the rate 7.5% per annum and 7.75% per annum and will be repayable upon the lenders' demand. Subsequently on November 14, 2017, such loans were received in full amount.

## **SHORT-TERM BORROWINGS FROM RELATED PARTIES**

Short-term borrowings from certain shareholders of Dean & DeLuca Airport Co., Ltd. are unsecured borrowings. These borrowings bear interest at the rate of 7.5% per annum and will be repayable in January 2018 to July 2018.

Short-term borrowing from director of the Company of U.S. Dollars 2.6 million to Dean & DeLuca, Inc., a subsidiary, is unsecured and no interest bearing. The borrowings of U.S. 2.0 million are due upon the lenders' written demand given at least 15 days in advance and the borrowing of U.S. 0.6 million will be payable in full amount on May 15, 2018.

Short-term borrowings from related company of Pace Food Retail Co., Ltd. are unsecured borrowings. These borrowings bear interest at the rate of 6.5% per annum and will be repayable in January 12, 2018.

## **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.

## **LONG-TERM BORROWINGS FROM RELATED COMPANIES**

On January 30, 2017, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. entered into Credit Facility Agreements with Apollo Asia Sprint Holding Company Limited (Lender) and Mercer Investments (Singapore) Pte. Ltd. (Co-Lender) for borrowings totalling Baht 658 million which were allocated to Pace Project One Co., Ltd. of Baht 329 million and Pace Project Three Co., Ltd. of Baht 329 million.

On February 28, 2017, such related companies received proceeds from capital increase and borrowings as mentioned above and already repaid all existing borrowings from the financial institutions totalling Baht 2,302.4 million (borrowing of Pace Project One Co., Ltd. of Baht 1,270.3 million and of Pace Project Three Co., Ltd. of Baht 1,032.1 million).

The significant details are follows:

- a) Borrowings are repayable within February 2021.
- b) These borrowings bear interest at the rate of 8% per annum.
- c) The borrower is responsible for withholding tax and other expenses.

Pace Development Corporation Group are committed to comply with certain conditions as indicated in the Credit Facility Agreements such as financial ratio and others. The loans are collateralized by the followings:

- mortgage of land and building located or will be constructed on land and properties for lease of Pace Project One Co., Ltd. and of Pace Project Three Co., Ltd. as discussed in Notes 13 and 14,
- mortgage of equipment of Pace Project One Co., Ltd. and of Pace Project Three Co., Ltd. as discussed in Note 13,
- all of the Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.'s shares held by the shareholders as discussed in Note 10,
- conditional assignment of intercompany loan agreements, Managed Services Agreement, construction contracts, management agreement and other agreements with Marriott International Group and Retail Shop Lease Agreement with the customers of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.,
- pledge of Interest Reserve Account of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.,
- deposits at banks of the Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. without any restriction use.

## ARRANGEMENT FEE AGREEMENTS

On February 17, 2017, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. entered into Arrangement Fee Agreements with Apollo Asia Sprint Holding Company Limited (Lender) and Mercer Investments (Singapore) Pte. Ltd. (Co-Lender). In consideration thereof, such subsidiaries are committed to pay loan arrangement fee calculated from total unpaid loan balances at the rate of 1.225% per quarter for lender and at the rate of 0.525% per quarter for co-lender.

## LONG-TERM BORROWINGS FROM JOINT VENTURES

On February 17, 2017, Pace Project Two Co., Ltd. (Borrower) entered into Pace Two Intercompany Loan Agreements with Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. (Lenders) for term borrowings totalling Baht 500 million.

The significant details are follows:

- a) Borrowings are repayable within February 2021.
- b) These borrowings bear interest at the rate of 7.5% per annum.

A subsidiary is committed to comply with certain conditions as indicated in the Pace Two Intercompany Loan Agreements. The loans are collateralized by the followings:

- mortgage of land and building located or will be constructed on land and real estate project for sales under development of Pace Project Two Co., Ltd. as discussed in Notes 12,
- conditional assignment on main construction contracts and project accounts of Pace Project Two Co., Ltd.,
- conditional assignment on Managed Services Agreement, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit with the customers of Pace Project Two Co., Ltd.,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- all of the Pace Project Two Co., Ltd.'s shares held by the shareholders as discussed in Note 10,
- pledge of Interest Reserve Account of Pace Project Two Co., Ltd.,
- deposits at bank of Pace Project Two Co., Ltd. without any restriction use,

The securities as above would be became effective upon the occurrence of repayment date of the loans from financial institution of Pace Project Two Co., Ltd. and shall be released from escrow.

## SHAREHOLDERS AGREEMENTS AND SUBSCRIPTION AGREEMENTS

The Company, Pace Real Estate Co., Ltd., Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. entered to the Subscription Agreements on January 10, 2017 and First Amendment to Subscription Agreements and Shareholders Agreements on January 30, 2017 with Apollo Asia Sprint Holding Company Limited ("Apollo") and Goldman Sachs Investments Holdings (Asia) Limited ("Goldman Sachs") for increment in preferred shares of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. as discussed in Notes 2 and 11. The significant details are follows:

- a) The Company has call rights to purchase preferred shares of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. from existing preferred shareholders which will be entitled to purchase preferred shares from both companies at the same time at the aggregate total return calculated as specified in Shareholders Agreements as follows:

	Number of preferred shares (shares)		
	Pace Project One Co., Ltd.	Pace Project Three Co., Ltd.	Total
- Group B preference shares: Call rights on the date 36 months until 48 months after the original issue date of preferred shares (commencing from February 28, 2020 ending February 28, 2021)	1,170,970	579,100	1,750,070
- Group C preference shares: Call rights on the date 18 months after the original issue date of preferred shares (on August 28, 2018)	750,030	370,900	1,120,930
Total	1,921,000	950,000	2,871,000

- b) The preferred shareholders of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. have rights to purchase ordinary shares from existing ordinary shareholders on a business day after the dates of 18 months and 48 months after the original issue date of preferred shares for Group C preferred shareholders and Group B preferred shareholders, respectively, at the market price of ordinary shares which would be calculated by valuation firm selected by requisite majority of Group B preferred shareholders as specified in the Shareholders Agreements by giving of an advance written notice (Note 26).

The Company and above subsidiaries are committed to comply with certain conditions as indicated in the above agreements. In addition, a director of the Company has provide a limited recourse indemnifies pledge the Company's shares held by the director totalling 240.9 million shares.

#### **FIRST AND SECOND AMENDMENT TO SHAREHOLDERS AGREEMENT**

On January 7, 2018, the Company, Pace Real Estate Co., Ltd., Pace Project One Co., Ltd., and Pace Project Three Co., Ltd. entered into First Amendment to Shareholder Agreement with Apollo Asia Sprint Company Limited, and Goldman Sachs Investment Holding (Asia) Limited (Investors) which agreed to as follow;

- 1) Increase Series D Preferred Shares which shall be entitled to receive annual cumulative-fixed dividend at the rate of Baht 11,785.20 per share. In case of liquidation, Series D Preference shareholders shall be received money before ordinary shareholders.
- 2) Grant the right to the Company to buy-out investor's share both in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. (joint ventures) and the rights under the credit facility agreements in both joint ventures as following agreed prices per each period of time as follows:
  - (a) For a proposed buy-out completes on or prior to April 1, 2018, 320 million U.S. Dollars plus subscription price to purchase Series D Preferred Share, if any
  - (b) For a proposed buy-out completes on or prior to May 1, 2018, 325 million U.S. Dollars plus subscription price to purchase Series D Preferred Share, if any
  - (c) For a proposed buy-out completes on or prior to June 1, 2018, 330 million U.S. Dollars plus subscription price to purchase Series D Preferred Share, if any
  - (d) For a proposed buy-out completes on or prior to July 1, 2018, 335 million U.S. Dollars plus subscription price to purchase Series D Preferred Share, if any.

However, the Company has no duty or obligation to buy out the shares and the rights under the credit facilities agreements within such period.

Subsequently on January 27, 2018, the Company, Pace Real Estate Co., Ltd., Pace Project One Co., Ltd. has entered into Second Amendment to Shareholders Agreement with Apollo Asia Sprint Company Limited and Goldman Sachs Investment Holding (Asia) Limited (Investors) to delete the sentence of increase Series D Preferred Shares of Pace Project One Co., Ltd.

Pace Project Three Co., Ltd. had registered the increase Series D Preferred Shares as discussed in Note 35.

The Company, Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and a director of the Company entered into the Consent Conditions Undertaking with Apollo Asia Sprint Holding Company Limited, Goldman Sachs Investment Holding (Asia) Limited and Mercer Investments (Singapore) Pte. Ltd. (Investors) on July 4, 2017, and the Amendment to the Undertaking on August 15, 2017 to request a subsidiary to grant its consent to borrow from a local financial institution at the additional amount of Baht 3,000 million as discussed in Note 22. In connection with the consent, the Company committed to acquiring the Series C preference shares issued by Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. from preference shareholders on a definitive date. In consideration thereof, the Pace Development Corporation Group will have the commitment to purchase Series C preference shares totaling Baht 3,038.8 million and aggregate total return.

Subsequently on October 18, 2017, the Company and above subsidiary, 2 joint ventures and a director entered into the Deed of termination with such investors to terminate the Consent Conditions Undertaking and the Amendment to the Consent Conditions Undertaking which shall be terminated in its entirety effective as of dated July 4, 2017 and August 15, 2017, respectively. Hence, the Company does not have any obligation to purchase the Series C preference shares issued by Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. from preference shareholders. On the same date, the Company, a subsidiary, 2 joint ventures and a director have obligations to comply with conditions under various business agreements such as Amended and Restated Fee Letter, Management Services Agreement, Agreement for Deposition of Net Proceeds Associated with Pace Two, Licensing Agreement.

#### **SERVICING AGREEMENTS AND FEE LETTER**

On February 17, 2017 and February 24, 2017, the Company, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd (joint ventures) entered into Servicing Agreements and Amended and Restated Servicing Agreements, respectively, with Apollo Asia Sprint Holding Company Limited (Lender), Mercer Investments (Singapore) Pte. Ltd. (Co-Lender) and Capital Advisory Services (Thailand) Limited (Servicer) to assign Capital Advisory Services (Thailand) Limited to provide the monitoring and agency services and any other services as indicated in agreements.

On February 17, 2017, the Company and such 2 joint ventures entered into Fee Letter with Capital Advisory Services (Thailand) Limited to agree the service fee. In this regard, the Company is committed to pay annual service fee to the servicer of Baht 21.9 million. Subsequently on October 18, 2017, the Company and such 2 joint ventures entered into Amended and Restated Fee Letter to revise the annual service fee to be Baht 35 million.

Such above agreements are non-terminable until the Shareholders Agreements with Apollo and Goldman Sachs in such joint ventures are terminated and amounts are no longer owe under the Loan Agreements.

#### **MANAGEMENT SERVICES AGREEMENT**

On October 18, 2017, Pace Project Three Co., Ltd entered into Management Services Agreement with Capital Advisory Services (Thailand) Limited (Manager), whereby such Manager will provide the management services of the Cube building and the Observation Deck and the joint venture is committed to pay service fees at the rates specified in the agreement. The initial term of such services is for the period of 10 years commencing from the opened date of service of Observation Deck provided to customers and shall automatically be renewed for additional of 10 years unless the joint venture gives written termination notice for termination, with the obligation to pay termination fee to the Manager according to the rates specified in the agreement.

#### **AGREEMENT FOR DEPOSITION OF NET PROCEEDS ASSOCIATED WITH PACE TWO**

On October 18, 2017, the Company, Pace Project Two Co., Ltd, Pace Real Estate Co., Ltd. and a director entered into agreement for Deposition of Net Proceeds Associated with Apollo and Goldman Sachs, which agreed to specify selling price per square meter of bulk sales and allocate proceeds from sales of the residential condominium units in the Ritz-Carlton Residences, Bangkok Project of sales of shares in Pace Project Two Co., Ltd. In addition, the Company will mortgage land at Niseko, after being release from escrow with a financial institution, and grant the rights on 1,500 memberships of MahaSamutr Country Club as financial supports in any events of cost overrun and cash deficiency of Pace Project Three Co., Ltd.

#### **LICENSING AGREEMENT**

On October 18, 2017, the Company entered into Licensing Agreement with Pace Project One Co., Ltd., and Pace Project Three Co., Ltd. which agreed to grant the right to use royalty and license in the trademark, trade dress related to MahaNakhon Tower including graphic content, script and visual elements that appear in MahaNakhon's website to such joint ventures from agreement date to the date of the later of 20 years from the agreement date or the MahaNakhon Tower will cease operation.

## **MANAGED SERVICES AGREEMENT, COORDINATION AGREEMENT AND SERVICES AGREEMENT**

The Company has provided the services to Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. as indicated in Managed Services Agreements with the service fees of Baht 5 million per month which can be billed after the completion of the MahaNakhon project and the completion of the construction loan repayment of the project.

On February 17, 2017, the Company and above subsidiary and joint ventures entered into the Coordination Agreement to amend the service fees to be Baht 3.9 million per month since March 2017 afterwards.

YLP Company Limited, a subsidiary, has entered into Services Agreement dated April 24, 2017 with the Company, whereby the Company will provide the services as indicated in agreements for the period of 3 year commencing from January 1, 2017 until December 31, 2019. In consideration thereof, such subsidiary is committed to pay service fees of Baht 2.4 million per year.

## **NOTICE OF MATERIAL DISAGREEMENT**

On July 4, 2017, Apollo Asia Sprint Holding Company Limited (the investor) sent a Notice of Material Disagreement to the Company stating that there are some disputing matters under the Shareholders Agreements of Pace Project One Co., Ltd. and Shareholders Agreements of Pace Project Three Co., Ltd. because the investor considered that operation of MahaNakhon Project had expenses over the agreed budget; however, the Company disagreed on such conclusion. This results in the conflicting opinions in relation to significant business operation. Whereby under the Shareholders Agreements, the Investors have the rights to (1) buy the shares in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. held by the Company's group at the market price calculated from the methods as described in the relevant Shareholders Agreements; or (2) sell all shares in such joint ventures held by the Company's group and the Investors by means of public auction, then allocating the sale proceeds to the Pace Development Corporation Group and the Investors proportionately as prescribed in the Shareholders Agreements.

At the present, the Company, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. have continued to construct the MahaNakhon project as normal and the investor has not done any action to object such operations of such joint ventures.

## **CONSENT LETTER**

On January 7, 2018, the Company, Pace Real Estate Co., Ltd., Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. entered into Consent Letter with Apollo Asia Sprint Company Limited and Goldman Sachs Investment Holding (Asia) Limited (investors) to assign the investors or their designees as sales representatives for remaining The Ritz-Carlton Residential units. The investors shall be entitled to get 1% commission fee of net sale proceeds.

Remaining fund from sale proceeds after deducting transaction costs, transfer fees and the repayment of Pace Project Two Co., Ltd.'s existing debts shall be paid directly to investor 75% and 25% shall be paid directly to the Company.

## **LETTER OF DISCOUNT**

On January 7, 2018, Apollo Asia Sprint Company Limited and Goldman Sachs Investment Holding (Asia) Limited (Investors) sent Letter to Discount which is a unilateral undertaking to the Company, Pace Real Estate Co., Ltd, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. to signify that:

- 1) One-third of the amount that investors received in accordance with the Consent Agreement shall return against the Aggregate Total Return on the Series C Preferred Shares held by investor if the Company decided to purchase Series C Preferred Share
- 2) If the buy-out option as stated in the First Amendment to Shareholders Agreement is exercises, all of the amount that investors received in accordance with the Consent Agreement shall return by deducting from buy-out amount.

## **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, 2017 and 2016.

On January 25, 2017, Dean & DeLuca International LLC has entered into Trademark License Agreement with Dean & DeLuca (Thailand) Co., Ltd which agreed that Dean & DeLuca (Thailand) Co., Ltd. has a right to sub-license the trademark "DEAN & DELUCA" in connection with the distribution and promotional of its products and services in specified activities.

Whereby, during 2017, Dean and DeLuca (Thailand) Co., Ltd. has entered into another Trademark License Agreement with Dean & DeLuca Airport Co., Ltd. to sub-license which agreed that Dean & DeLuca Airport Co., Ltd. can use this trademark in connection with goods, services and promotional activities.

## **OUTSOURCING AGREEMENT**

Dean & Deluca Airport Co., Ltd. has entered into Outsourcing Agreement dated October 1, 2017 with Dean & Deluca (Thailand) Co., Ltd., whereby Dean and Deluca (Thailand) Co., Ltd. will provide the services as indicated in agreement for the period of 3 years and 8 months commencing from January 5, 2017 until September 27, 2020. In consideration thereof, Dean & Deluca Airport Co., Ltd. is committed to pay service fees as indicated in the agreement.

## **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. Subsequently, Pace Project Two Co., Ltd. engaged Pace Interior Services Co., Ltd. for the variation orders of addition works totalling Baht 319.7 million. Total services fee were Baht 661.9 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, 2017 and July 1, 2017 (2016: January 1, 2016 and July 1, 2016) with WM Advisory Co., Ltd., a related company, whereby such related company will provide the services as indicated in agreements starting from January 1, 2017 until December 31, 2017 (2016: January 1, 2016 until December 31, 2016). In consideration thereof, such subsidiary is committed to pay service fees to such related company totalling Baht 20 million (2016: Baht 20 million).



## 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 11.

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	<u>2,370</u>	<u>739,754</u>

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, 2017 and 2016 in the separate financial statements are as follows:

	Separate Financial Statements (In Thousand Baht)			
	Balance as at December 31, 2016	Increase/ Transfers	Decrease/ Transfers	Balance as at December 31, 2017
<b>Short-term loans to and interest receivable</b>				
Pace Country Club Co., Ltd.				
- Principal	381,100	59,500	(440,600)	-
- Interest receivable	21,881	15,516	(37,397)	-
	402,981	75,016	(477,997)	-
Pace Food Retail Co., Ltd.				
- Principal	193,200	105,300	(298,500)	-
- Interest receivable	15,812	9,417	(25,229)	-
	209,012	114,717	(323,729)	-
Dean & DeLuca, Inc.				
- Principal	1,446,296	1,029,060	(2,475,356)	-
- Interest receivable	62,712	81,236	(143,948)	-
	1,509,008	1,110,296	(2,619,304)	-
Dean and Deluca (Thailand) Co., Ltd.				
- Principal	270,270	51,475	(321,745)	-
- Interest receivable	17,547	11,397	(28,944)	-
	287,817	62,872	(350,689)	-
Pace Interior Services Co., Ltd.				
- Principal	92,600	25,000	(117,600)	-
- Interest receivable	3,102	3,988	(7,090)	-
	95,702	28,988	(124,690)	-
Pace Creative Agency Co., Ltd.				
- Principal	8,500	9,500	(18,000)	-
- Interest receivable	71	482	(553)	-
	8,571	9,982	(18,553)	-
Total	2,513,091	1,401,871	(3,914,962)	-
<b>Advances to and other current receivables</b>				
Pace Project One Co., Ltd.	9,661	34,598	(27,353)	16,906
Pace Project Two Co., Ltd.	8,517	110,509	(97,164)	21,862
Pace Project Three Co., Ltd.	13,911	4,920	(356)	18,475
Pace Real Estate Co., Ltd.	1,296	110	-	1,406
YLP Company Limited	4	2,653	(89)	2,568
Pace Country Club Co., Ltd.	7,619	2,945	-	10,564
Pace Creative Agency Co., Ltd.	417	1,976	(2,393)	-
Pace Food Retail Co., Ltd.	1,056	734	(1,086)	704
Pace Management Co., Ltd.	30	5	-	35
Dean & DeLuca, Inc.	83,633	5,226	-	88,859
Dean and Deluca (Thailand) Co., Ltd.	-	1,000	(1,000)	-
Dean & Deluca Airport Co., Ltd.	-	9,000	(9,000)	-
Total	126,144	173,676	(138,441)	161,379
<b>Accrued management fee income</b>				
Pace Project One Co., Ltd.	61,920	6,913	-	68,833
Pace Project Two Co., Ltd.	146,112	36,528	-	182,640
Pace Project Three Co., Ltd.	31,968	5,665	-	37,633
Total	240,000	49,106	-	289,106

	Separate Financial Statements (In Thousand Baht)			
	Balance as at December 31, 2016	Increase/ Transfers	Decrease/ Transfers	Balance as at December 31, 2017
<b>Interest receivables</b>				
Pace Project One Co., Ltd.	612,533	145,863	(458,493)	299,903
Pace Project Two Co., Ltd.	607,343	174,006	-	781,349
Pace Project Three Co., Ltd.	327,112	21,153	(348,265)	-
Pace Real Estate Co., Ltd.	96,789	25,639	-	122,428
Pace Food Retail Co., Ltd.	96,056	43,056	-	139,112
YLP Company Limited	-	2,087	-	2,087
Pace Country Club Co., Ltd.	-	56,016	-	56,016
Pace Creative Agency Co., Ltd.	-	1,434	(1,434)	-
Pace Interior Services Co., Ltd.	-	11,045	-	11,045
Dean and Deluca (Thailand) Co., Ltd.	-	41,107	-	41,107
Dean & DeLuca, Inc.	-	246,826	-	246,826
Total	1,739,833	768,232	(808,192)	1,699,873
<b>Long-term loans to</b>				
Pace Project One Co., Ltd.	2,735,509	532,750	(25,443)	3,242,816
Pace Project Two Co., Ltd.	3,292,167	1,447,671	(4,112,458)	627,380
Pace Project Three Co., Ltd.	1,735,929	18,500	(1,754,429)	-
Pace Real Estate Co., Ltd.	341,856	-	-	341,856
Pace Food Retail Co., Ltd.	67,000	1,070,189	(272,900)	864,289
YLP Company Limited	-	45,000	-	45,000
Pace Country Club Co., Ltd.	-	520,818	-	520,818
Pace Creative Agency Co., Ltd.	-	26,500	(26,500)	-
Pace Interior Services Co., Ltd.	-	114,600	(5,000)	109,600
Dean and Deluca (Thailand) Co., Ltd.	-	321,745	-	321,745
Dean & DeLuca, Inc.	-	2,380,592	-	2,380,592
Total	8,172,461	6,478,365	(6,196,730)	8,454,096
Less: Allowance for doubtful accounts	-	(1,658,500)	24,500	(1,634,000)
Net	8,172,461	4,819,865	(6,172,230)	6,820,096
<b>Other current payables</b>				
Pace Project Three Co., Ltd.	-	15,399	(2,139)	13,260
Pace Creative Agency Co., Ltd.	98	1,460	(1,558)	-
Dean and Deluca (Thailand) Co., Ltd.	1,208	3,267	(1,859)	2,616
Fierce Publishing Co., Ltd.	241	10	(241)	10
Fourteen Points Company Limited	666	2,096	(291)	2,471
Total	2,213	22,232	(6,088)	18,357
<b>Advances and deposits received from customers</b>				
Related persons - directors	40,327	32,469	-	72,796
Related person - shareholder	327	-	-	327
Dynasty Apparel Co., Ltd.	327	-	-	327
Total	40,981	32,469	-	73,450

Short-term loans to Pace Country Club Co., Ltd., Dean and Deluca (Thailand) Co., Ltd., Pace Food Retail Co., Ltd., Pace Interior Services Co., Ltd. and 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 various periods.

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 various periods.

On June 30, 2017, the Company changed all repayment periods of above short-term loans to be repayable upon the lenders' demand. Hence, the Company presented remaining loans and interest receivables under non-current assets in the separate financial statements as at December 31, 2017. In this regard, on December 31, 2017, the Company confirmed to subsidiaries and joint venture that the Company will not call for any repayment of such loan within 12 months.

### Long-term loans to subsidiaries and joint venture

Long-term loans to subsidiaries and joint ventures are unsecured loans. The significant details are follows:

- a) Loans are due upon the lenders' demand.
- b) These loans bear interest at the rates of 7.5% per annum for loans dominated in Thai Baht and MLR+3% per annum for loans dominated in U.S. Dollars currency.
- c) Loans to Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Real Estate Co., Ltd, Pace Country Club Co., Ltd, and YLP Company Limited are to be subordinated to borrowings from the financial institutions as discussed in Notes 19 and 22 and long-term borrowings from Apollo Asia Sprint Holding Company Limited and Mercer Investments (Singapore) Pte. Ltd.

### Debts forgiveness

On December 29, 2017, the management approved the Company to forgive loans and interest receivables to Pace Creative Agency Co., Ltd. totalling Baht 27.9 million. Therefore, the Company recorded this forgiven amounts in the separate statement of comprehensive income for the year ended December 31, 2017.

## 6. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Cash on hand	5,295	4,506	169	129
Cash at banks - current accounts	345,720	2,582	37,071	1,357
Cash at banks - savings accounts	851,379	685,367	91,395	184,709
Total	1,202,394	692,455	128,635	186,195
Less: Savings deposit with specific purpose	-	-	(929)	-
Net	1,202,394	692,455	127,706	186,195

As at December 31, 2017, savings deposit with specific purpose amounting to Baht 0.9 million represented proceeds from loans repayment from Pace Project Three Co., Ltd. for payments of construction costs of Pace Project Two Co., Ltd. in according to Shareholders Agreements as discussed in Note 5 (2016: Nil).

## 7. SHORT-TERM INVESTMENTS

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2017	2016
Investments in open-end fixed income fund		
- Cost value	9,725	44,583
- Unrealized gain on revaluation	121	112
Fair value	9,846	44,695

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

The aging analyses of trade account receivables - other companies as at December 31, 2017 and 2016 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Trade account receivables				
Within credit term	56,591	25,554	38,564	-
Overdue				
- Not over 3 months	16,114	13,391	-	-
- Over 3 months to 6 months	1,980	2,197	-	-
- Over 6 months to 12 months	118	450	-	-
- Over 12 months	82	-	-	-
Total trade account receivable	74,885	41,592	38,564	-
Unbilled trade account receivables	-	1,739	-	-
Total	74,885	43,331	38,564	-
Less: Allowance for doubtful accounts	(173)	(191)	-	-
Net	74,712	43,140	38,564	-
Reversal of bad debts and doubtful debts during the year	(18)	(351)	-	-

## 9. INVENTORIES - Net

	Consolidated Financial Statements (In Thousand Baht)	
	2017	2016
Inventories in interior service business	37,071	30,042
Inventories in retailer of premium gourmet and delicatessen		
- Cost	183,873	271,691
- Less: Allowance for decline in value of inventories	(4,547)	(5,725)
- Net	179,326	265,966
Total	216,397	296,008
Write-down (reversal of) inventories recognized as a part of cost of sales during the year	(1,178)	343

### Subsidiaries

Details of inventories in retailer of premium gourmet and delicatessen business as at December 31, 2017 and 2016 are as follows:

	Consolidated Financial Statements (In Thousand Baht)	
	2017	2016
Merchandise inventories	167,308	252,443
Raw materials	5,513	4,096
Supplies	11,052	15,152
Total	183,873	271,691
Less: Allowance for decline in value of inventories	(4,547)	(5,725)
Net	179,326	265,966

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

As at December 31, 2017 and 2016, 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	
			2017	2016	2017	2016	2017	2016
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	1	99.97	99.97	1,000	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 ordinary shares	10.2	10.2	100	100	19,972	19,972
Pace Project One Co., Ltd.	Thailand	Hotel	-	200	-	50	-	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 and sky observation deck	-	100	-	50	-	97,784
Total							2,641,791	2,935,144
Less: Allowance for impairment loss (Note 34)							(10,000)	-
Net							<u>2,631,791</u>	<u>2,935,144</u>

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.

All of the Pace Project Two Co., Ltd., Pace Real Estate Co., Ltd., Pace Food Retail Co., Ltd. and Pace Country Club Co., Ltd.'s shares held by the Company and a subsidiary are pledged as collateral for credit facilities of the Company and subsidiaries as discussed in Note 22.

All of the Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.'s shares held by the Company and a subsidiary are pledged as collateral for long-term borrowings from related companies as discussed in Note 5.

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

As at December 31, 2017 and 2016, investments in joint ventures are as follows:

						Separate Financial Statements	
						(In Thousand Baht)	
						Cost Method	
<u>Type of Business</u>		<u>Paid-up Share Capital (In Million Baht)</u>		<u>Percentage of Ownership (%)</u>		<u>2017</u>	<u>2016</u>
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>		
<b><i>Joint ventures registered in Thailand</i></b>							
Pace Project One Co., Ltd.	Hotel	392.1	-	25.50	-	195,569	-
Pace Project Three Co., Ltd.	Shopping centre and sky observation deck	195.0	-	25.64	-	<u>97,784</u>	<u>-</u>
Total						293,353	-
Less: Allowance for impairment loss						<u>(195,569)</u>	<u>-</u>
Net						97,784	-

Type of Business	Paid-up Share Capital (In Million)		Percentage of Ownership (%)		Consolidated Financial Statements (In Thousand Baht)			
	2017	2016	2017	2016	Cost Method		Equity Method	
					2017	2016	2017	2016
<b>Joint ventures registered in Thailand</b>								
Pace Project One Co., Ltd.	Hotel	THB 392.1	-	25.50	-	295,569	-	-
Pace Project Three Co., Ltd.	Shopping centre and sky observation deck	THB 195	-	25.64	-	147,784	-	6,487,000
<b>Joint ventures registered in Japan</b>								
Dean & DeLuca Café Japan Co., Ltd.	Food and beverage	Yen 1,700	Yen 1,700	50	50	273,400	273,400	216,219
Total						716,753	273,400	6,703,219

In the second quarter of 2017, investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. were changed from subsidiaries to be joint ventures as discussed in Note 2.

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 5.

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 ventures for each of the years ended December 31, 2017 and 2016 accounted for using the equity method was as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
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>	227,911	-
Share of net loss of investments - at equity method	(4,516)	-
Currency translation differences	(7,177)	-
Effect from loss of control in subsidiaries	6,487,000	293,353
Allowance for impairment loss	-	(195,569)
<b>Balance as at December 31, 2017</b>	<b>6,703,218</b>	<b>97,784</b>

## 12. REAL ESTATE PROJECTS FOR SALES UNDER DEVELOPMENT

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2016	10,628,137	2,936,904
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 property, plant and equipment (Note 13)	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>	13,873,406	5,257,391
Additions	2,645,878	1,471,682
Borrowing costs capitalized during the year	368,920	212,969
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	22,285	11,577
Transfer to property, plant and equipment (Note 13)	(3,168)	(3,168)
Recognition as cost of sales during the year	(4,396,346)	(87,625)
Write-down of real estate projects for sales under development recognized as a part of cost of sales during the year	(54,900)	(15,100)
Write-down of real estate project for sales under development recognized as a part of administrative expenses	(109,000)	(109,000)
<b>Balance as at December 31, 2017</b>	<b>12,347,075</b>	<b>6,738,726</b>
<b>Balance as at December 31, 2016</b>		
Projects complete for sale	10,553,946	2,424,584
Projects under development	3,319,460	2,832,807
<b>Total</b>	<b>13,873,406</b>	<b>5,257,391</b>
<b>Balance as at December 31, 2017</b>		
Projects complete for sale	8,323,509	3,411,008
Projects under development	4,023,566	3,327,718
<b>Total</b>	<b>12,347,075</b>	<b>6,738,726</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.

At the Board of Directors' meeting of the Company held on February 5, 2018, Board of Directors approved the disposal of land plots which are located in Niseko to Richforest International Investment Ltd. (Purchaser) at agreed price of JPY 2,050 million and relevant expenses of JPY 365.8 million. In this regard, the Company has entered into Sell and Purchase Agreement of Real Estate Property with purchaser that affected the Company to record loss on decline in value of land and related design fee totalling Baht 109 million in the consolidated and separate statements of comprehensive income for the year ended December 31, 2017. Up to the present, such land still has not yet been disposed.

The borrowing costs were capitalized as part of the cost of real estate projects for sales under development amounting to Baht 213.0 million in 2017 and Baht 152.1 million in 2016 at the weighted average capitalization rate of the 5.91% per annum and 6.12% per annum, respectively.

As at December 31, 2017 and 2016, land and construction on land for real estate projects for sales under development, which have carrying values totalling Baht 6,738.7 million and Baht 4,709.1 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 22.

As at December 31, 2017, land of real estate projects for sales under development of the Company, which have carrying values totalling Baht 2,406.0 million, were subordinate pledged as collateral for long-term borrowings from other companies of a subsidiary as discussed in Note 23 (2016: Nil).

## 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 18.7 million in 2017 and Baht 14.7 million in 2016 at the weighted average capitalization rate of the 5.67% per annum and 5.57% 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 137.3 million in 2017 and Baht 299.0 million in 2016 at the weighted average capitalization rate of the 5.37% per annum and 6.42% per annum, respectively.

As at December 31, 2017 and 2016, land and construction on land for real estate project of 2 subsidiaries, which have carrying values totalling Baht 5,608.3 million and Baht 8,616.0 million, respectively, were pledged as collateral for credit facilities from financial institutions of the Company and certain subsidiaries as discussed in Note 22.

## 13. PROPERTY, PLANT AND EQUIPMENT - Net

Consolidated Financial Statements (In Thousand Baht)									
	Land	Sales gallery	Crystal lagoon	Leasehold improvements	Furniture, fixtures and equipment	Media equipment	Vehicles	Construction in progress	Total
<b>Cost</b>									
Balance as at January 1, 2016	586,870	263,263	-	532,352	210,974	3,966	31,708	4,192,472	5,821,605
Additions	-	-	1,481	81,579	109,079	1,517	11,267	1,702,198	1,907,121
Capitalized borrowing costs	-	-	-	-	-	-	-	157,796	157,796
Capitalized amortization of deferred debenture underwriting fee	-	-	-	-	-	-	-	6,063	6,063
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	(592,778)	(44,541)
Currency translation differences	-	-	-	(814)	76	-	(12)	6,696	5,946
<b>Balance as at December 31, 2016</b>	<b>586,870</b>	<b>-</b>	<b>521,938</b>	<b>564,989</b>	<b>318,711</b>	<b>76,269</b>	<b>41,187</b>	<b>5,466,897</b>	<b>7,576,861</b>
Additions	-	-	-	96,003	76,146	-	307	1,780,679	1,953,135
Capitalized borrowing costs	-	-	-	-	-	-	-	69,894	69,894
Capitalized amortization of deferred debenture underwriting fee	-	-	-	-	-	-	-	19,922	19,922
Disposals and write-off	-	-	-	(22,597)	(15,670)	-	(223)	(64,978)	(103,468)
Transfers	3,168	-	-	33,816	10,483	-	-	(44,299)	3,168
Revaluation surplus (Note 4)	262,524	-	-	-	-	-	-	-	262,524
Currency translation differences	-	-	-	(15,885)	(15,105)	-	(155)	(274,418)	(305,563)
Effect from loss of control in subsidiaries	(305,629)	-	-	(240,446)	(2,307)	(76,269)	-	(4,994,162)	(5,618,813)
<b>Balance as at December 31, 2017</b>	<b>546,933</b>	<b>-</b>	<b>521,938</b>	<b>415,880</b>	<b>372,258</b>	<b>-</b>	<b>41,116</b>	<b>1,959,535</b>	<b>3,857,660</b>
<b>Accumulated Depreciation</b>									
Balance as at January 1, 2016	-	214,841	-	100,613	57,968	660	11,484	-	385,566
Depreciation charge for the year	-	3,160	12,736	66,865	54,005	7,269	7,564	-	151,599
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>-</b>	<b>12,736</b>	<b>126,289</b>	<b>111,526</b>	<b>7,927</b>	<b>16,480</b>	<b>-</b>	<b>274,958</b>
Depreciation charge for the year	-	-	12,749	64,370	67,576	2,012	8,058	-	154,765
Disposals and write-off	-	-	-	(10,700)	(19,822)	-	(8)	-	(30,530)
Currency translation differences	-	-	-	(6,398)	(5,491)	-	(71)	-	(11,960)
Effect from loss of control in subsidiaries	-	-	-	(33,645)	(536)	(9,939)	-	-	(44,120)
<b>Balance as at December 31, 2017</b>	<b>-</b>	<b>-</b>	<b>25,485</b>	<b>139,916</b>	<b>153,253</b>	<b>-</b>	<b>24,459</b>	<b>-</b>	<b>343,113</b>
<b>Net Book Value</b>									
Owned assets	586,870	-	509,202	438,700	207,122	68,342	10,180	5,466,897	7,287,313
Assets under finance leases	-	-	-	-	63	-	14,527	-	14,590
<b>As at December 31, 2016</b>	<b>586,870</b>	<b>-</b>	<b>509,202</b>	<b>438,700</b>	<b>207,185</b>	<b>68,342</b>	<b>24,707</b>	<b>5,466,897</b>	<b>7,301,903</b>
Owned assets	546,933	-	496,453	275,964	218,942	-	2,130	1,959,535	3,499,957
Assets under finance leases	-	-	-	-	63	-	14,527	-	14,590
<b>As at December 31, 2017</b>	<b>546,933</b>	<b>-</b>	<b>496,453</b>	<b>275,964</b>	<b>219,005</b>	<b>-</b>	<b>16,657</b>	<b>1,959,535</b>	<b>3,514,547</b>

Since the second quarter of 2017, the Pace Development Corporation Group changed the accounting policy on valuation method of land from cost model to revaluation model as discussed in Note 4. As at December 31, 2017, the Pace Development Corporation Group's land are stated at the appraised values (based on report of independent appraisal firm dated August 7, 2017). The excess of appraised values over costs totalling Baht 262.5 million is shown as a part of "Other components of equity" under "Shareholders' equity" in the consolidated statement of financial position as at December 31, 2017.

The carrying amounts of land carried under the cost model as December 31, 2017 are as follows:

	Consolidated Financial Statements (In Thousand Baht)
Revaluation model	547,030
Less: Revaluation surplus of land	<u>(262,524)</u>
Cost model	<u><u>284,506</u></u>

As at December 31, 2017 and 2016, property, plant and equipment of the Pace Development Corporation Group which have carrying values totalling Baht 2,411.4 million and Baht 6,250.0 million, respectively, were pledged as collateral for credit facilities from financial institution of certain subsidiaries as discussed in Note 22 (The Company: Nil).

As at December 31, 2017, land of the Pace Development Corporation Group, which have carrying values totalling Baht 547.0 million, was subordinate pledged as collateral for long-term borrowings from other companies of a subsidiary as discussed in Note 23 (2016: Nil).

The borrowing costs were capitalized as part of the cost of construction in progress of the Pace Development Corporation Group amounting to Baht 69.9 million in 2017 (2016: Baht 157.8 million) at the weighted average capitalization rate of the 5.6% per annum (2016: 6.4% per annum).

The gross carrying amounts of the Pace Development Corporation Group's certain equipment totalling approximately Baht 99.5 million and Baht 44.0 million were fully depreciated as at December 31, 2017 and 2016, respectively, but these items are still in active use.

The borrowing costs were capitalized as part of the cost of construction in progress of the Pace Development Corporation Group amounting to Baht 69.9 million in 2017 (2016: Baht 157.8 million) at the weighted average capitalization rate of the 5.6% per annum (2016: 6.4% per annum).

The gross carrying amounts of the Pace Development Corporation Group's certain equipment totalling approximately Baht 99.5 million and Baht 44.0 million were fully depreciated as at December 31, 2017 and 2016, respectively, but these items are still in active use.

	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, 2016	58,919	25,105	20,125	3,779	107,928
Additions	4,580	5,267	3,500	33,445	46,792
Borrowing costs capitalized during the year	-	-	-	548	548
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	-	-	-	27	27
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>
Additions	8,886	13,616	-	3,556	26,058
Borrowing costs capitalized during the year	-	-	-	141	141
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	-	-	-	6	6
Disposals and write-off	(70)	(2,149)	-	-	(2,219)
Transfers	27,164	6,856	-	(34,020)	-
<b>Balance as at December 31, 2017</b>	<b>59,332</b>	<b>48,598</b>	<b>20,672</b>	<b>3,703</b>	<b>132,305</b>
<b>Accumulated Depreciation</b>					
Balance as at January 1, 2016	41,695	9,125	7,076	-	57,896
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>
Depreciation charge for the year	5,178	8,361	4,134	-	17,673
Disposals and write-off	(21)	(824)	-	-	(845)
<b>Balance as at December 31, 2017</b>	<b>16,507</b>	<b>22,098</b>	<b>12,426</b>	<b>-</b>	<b>51,031</b>
<b>Net Book Value</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>
Owned assets	42,825	26,393	52	3,703	72,973
Assets under finance leases	-	107	8,194	-	8,301
<b>As at December 31, 2017</b>	<b>42,825</b>	<b>26,500</b>	<b>8,246</b>	<b>3,703</b>	<b>81,274</b>

The gross carrying amounts of the Company's certain equipment totalling approximately Baht 12.7 million and Baht 10.6 million were fully depreciated as at December 31, 2017 and 2016, respectively, but these items are still in active use.

## 14. 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, 2016	206,108	294,151	199,460	59,386	759,105
Additions	-	219	792	3,485	4,496
<b>Balance as at December 31, 2016</b>	<u>206,108</u>	<u>294,370</u>	<u>200,252</u>	<u>62,871</u>	<u>763,601</u>
Additions	-	-	9,700	-	9,700
Effect from loss of control in subsidiaries	(206,108)	(294,370)	(209,952)	(62,871)	(773,301)
<b>Balance as at December 31, 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accumulated Depreciation</b>					
Balance as at January 1, 2016	-	10,329	16,072	18,374	44,775
Depreciation charge for the year	-	5,930	10,110	11,588	27,628
<b>Balance as at December 31, 2016</b>	<u>-</u>	<u>16,259</u>	<u>26,182</u>	<u>29,962</u>	<u>72,403</u>
Depreciation charge for the year	-	1,421	2,634	2,906	6,961
Effect from loss of control in subsidiaries	-	(17,680)	(28,816)	(32,868)	(79,364)
<b>Balance as at December 31, 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Book Value</b>					
<b>As at December 31, 2016</b>	<u>206,108</u>	<u>278,111</u>	<u>174,070</u>	<u>32,909</u>	<u>691,198</u>
<b>As at December 31, 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at December 31, 2016, property for lease of an ex-subsiidiary which have carrying value totalling Baht 691.2 million was pledged as collateral for credit facilities from financial institutions (2017: Nil).

As at December 31, 2016, properties for lease were appraised by an independent professional valuer as per report dated January 31, 2017, by using income approach. The appraised value was Baht 1,342.7 million (2017: Nil).

	Separate Financial Statements (In Thousand Baht)			
	Land	Crystal lagoon	Construction in progress	Total
<b>Cost</b>				
Balance as at January 1, 2016	276,242	346,735	51,626	674,603
Additions	-	-	196	196
<b>Balance as at December 31, 2016</b>	276,242	346,735	51,822	674,799
Additions	3,168	-	-	3,168
Disposal and write-off	(2,730)	-	-	(2,730)
<b>Balance as at December 31, 2017</b>	276,680	346,735	51,822	675,237
<b>Accumulated Depreciation</b>				
Balance as at January 1, 2016	-	-	-	-
Depreciation charge for the year	-	-	-	-
<b>Balance as at December 31, 2016</b>	-	-	-	-
Depreciation charge for the year	-	15,427	-	15,427
<b>Balance as at December 31, 2017</b>	-	15,427	-	15,427
<b>Net Book Value</b>				
<b>As at December 31, 2016</b>	276,242	346,735	51,822	674,799
<b>As at December 31, 2017</b>	276,680	331,308	51,822	659,810

As at December 31, 2017 and 2016, properties for lease of the Company which have carrying values totalling Baht 659.8 million and Baht 674.8 million, respectively, were pledged as collateral for long-term borrowings from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 22.

As at December 31, 2017 and 2016, property for lease is not yet appraised since the sport club is partially completed.

## 15. RIGHT TO USE ASSETS - Net

	Consolidated Financial Statements (In Thousand Baht)
<b>Cost</b>	
Balance as at January 1, 2016	36,545
Additions	15,613
<b>Balance as at December 31, 2016</b>	52,158
Additions	22,795
Effect from loss of control in subsidiaries	(54,460)
<b>Balance as at December 31, 2017</b>	20,493
<b>Accumulated Amortization</b>	
Balance as at January 1, 2016	765
Amortization during the year	5,134
<b>Balance as at December 31, 2016</b>	5,899
Amortization during the year	5,640
Effect from loss of control in subsidiaries	(7,167)
<b>Balance as at December 31, 2017</b>	4,372
<b>Net book value</b>	
<b>As at December 31, 2016</b>	46,259
<b>As at December 31, 2017</b>	16,121

On August 18, 2014, Pace Project Three Co., Ltd., an ex-subsiary, 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 ex-subsiary has to pay the fee (excluding value added tax) totalling Baht 54.5 million. The ex-subsiary 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 as at December 31, 2016.

On January 25, 2017 and August 19, 2017, Dean & DeLuca Airport Co., Ltd., has entered into agreements with King Power Suvarnabhumi Co., Ltd. in connection with the sale operations of food and beverage at the Suvarnabhumi Airport for the period of 3 years 8 months and 3 years 1 month, respectively, expiring on September 27, 2020. In consideration thereof, the subsidiary has to pay the right to operate and use assets at the agreed amount on the agreement date and is obligated to pay such company the monthly concession fee in an amount not less than the minimum guarantee prescribed for that particular year as specified in the agreement. Hence, the Pace Development Corporation Group recorded such paid fee as a part of "Rights to use assets" in the consolidated statement of financial position as at December 31, 2017.

## 16. GOODWILL - Net

	Consolidated Financial Statements (In Thousand Baht)	
	2017	2016
Beginning net book value as at January 1	3,665,421	3,717,293
Currency translation differences	(284,790)	(23,020)
Additionally provided allowance for impairment loss during the year	(561,443)	(28,852)
Effect from loss of control in subsidiary	(267,963)	-
Ending net book value as at December 31	2,551,225	3,665,421

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

## 17. OTHER 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, 2016	1,909,267	3,862	666,869	104,946	55,033	1,892	2,741,869
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>
Additions	-	-	6,759	-	6,867	-	13,626
Write-off	-	-	-	-	(905)	-	(905)
Currency translation differences	(168,804)	(342)	(57,828)	(9,279)	(5,412)	-	(241,665)
Effect from loss of control in subsidiaries	-	-	(10,759)	-	(179)	-	(10,938)
<b>Balance as at December 31, 2017</b>	<b>1,726,819</b>	<b>3,492</b>	<b>604,367</b>	<b>94,917</b>	<b>75,100</b>	<b>-</b>	<b>2,504,695</b>
<b>Accumulated Amortization</b>							
Balance as at January 1, 2016	-	1,046	112,597	28,422	7,552	-	149,617
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>
Amortization charge for the year	-	908	64,027	24,667	25,411	-	115,013
Write-off	-	-	-	-	(877)	-	(877)
Currency translation differences	-	(212)	(20,873)	(5,771)	(2,631)	-	(29,487)
Effect from loss of control in subsidiaries	-	-	-	-	(61)	-	(61)
<b>Balance as at December 31, 2017</b>	<b>-</b>	<b>2,693</b>	<b>257,530</b>	<b>73,165</b>	<b>48,990</b>	<b>-</b>	<b>382,378</b>
<b>Allowance for impairment loss</b>							
Balance as at January 1, 2016	-	-	-	-	-	-	-
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>
Currency translation differences	-	-	(13,767)	-	-	-	(13,767)
<b>Balance as at December 31, 2017</b>	<b>-</b>	<b>-</b>	<b>140,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,842</b>
<b>Net Book Value</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>
<b>As at December 31, 2017</b>	<b>1,726,819</b>	<b>799</b>	<b>205,995</b>	<b>21,752</b>	<b>26,110</b>	<b>-</b>	<b>1,981,475</b>

The gross carrying amounts of the Pace Development Corporation Group's certain intangible assets totalling approximately Baht 5.1 million and Baht 7.3 million were fully amortized as at December 31, 2017 and 2016, respectively, but these items are still in active use.



Separate Financial Statements (In Thousand Baht)			
	Computer software	Computer software under installation	Total
<b>Cost</b>			
Balance as at January 1, 2016	3,551	1,492	5,043
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>
Additions	1,078	-	1,078
<b>Balance as at December 31, 2017</b>	<b>9,691</b>	<b>-</b>	<b>9,691</b>
<b>Accumulated Amortization</b>			
Balance as at January 1, 2016	1,394	-	1,394
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>
Amortization charge for the year	2,273	-	2,273
<b>Balance as at December 31, 2017</b>	<b>5,318</b>	<b>-</b>	<b>5,318</b>
<b>Net Book Value</b>			
<b>As at December 31, 2016</b>	<b>5,568</b>	<b>-</b>	<b>5,568</b>
<b>As at December 31, 2017</b>	<b>4,373</b>	<b>-</b>	<b>4,373</b>

**18. DEFERRED TAX ASSETS (LIABILITIES) - Net**

Tax income (expense) for each of the years ended December 31, 2017 and 2016 consisted of:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Tax expense - current tax	(6,912)	(12,278)	-	-
Tax effects from deferred income tax of temporary differences				
- Recognize revenue from sale of residential condominium units	(65,409)	(11,473)	-	(2,005)
- Loss carry forward	83,208	118,239	48,055	66,917
- Depreciation	(13,426)	(9,553)	233	598
- Capitalize interest expense as part of land	(21,613)	(56,399)	1,750	1,364
- Deferred debenture underwriting fee	84	(290)	84	(290)
- Other intangible assets - net	308,402	37,784	-	-
- Effect from loss of control in subsidiaries	(1,208,729)	-	-	-
- Others	6,314	14,910	3,057	1,431
Tax income (expense)	<u>(918,081)</u>	<u>80,940</u>	<u>53,179</u>	<u>68,015</u>

Reconciliations between tax income (expense) and accounting profit (loss) multiplied by the applicable tax rate for each of the years ended December 31, 2017 and 2016 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	<u>1,089,489</u>	<u>(2,407,337)</u>	<u>(2,751,685)</u>	<u>(310,984)</u>
Income tax rates at 20% for Thai companies and 40.3% in 2017 (2016: 41.1%) for USA companies	468,717	720,603	550,337	62,197
Tax effects from permanent differences				
- Non-deductible expenses	(224,005)	(51,190)	(319)	(2,823)
- Write-off deferred income tax assets on uncertainty of tax loss carry forward	(26,000)	-	(26,000)	-
- Unrecognition of temporary differences	(441,728)	-	(418,295)	-
- Expenses relating to increase in share capital	-	8,641	-	8,641
- Unrecognition of tax loss carry forward	(668,533)	(485,690)	(52,544)	-
- Reversal of accrued interest to other reserve (Note 5)	(5,570)	(92,501)	-	-
Others	(20,962)	(18,923)	-	-
Income tax income (expense)	<u>(918,081)</u>	<u>80,940</u>	<u>53,179</u>	<u>68,015</u>

The details of deferred tax assets (liabilities) - net as at December 31, 2017 and 2016 are as follows:

Consolidated Financial Statements (In Thousand Baht)						
	Credited / (Charged) to					
December 31, 2016	Loss for the year	Other comprehensive income for the year	Currency translation differences	Effect from loss of control in subsidiaries	December 31, 2017	
<b>Deferred tax assets - net</b>						
Recognize revenue from sale of residential condominium units	109,742	(65,409)	-	-	-	44,333
Loss carry forward	310,495	83,208	-	-	(93,736)	299,967
Depreciation	34,511	(13,426)	-	-	-	21,085
Capitalize expenses and interest as part of land	95,899	(21,613)	-	-	(44,031)	30,255
Deferred debenture underwriting fee	(5,746)	84	-	-	-	(5,662)
Others	19,142	6,314	(866)	-	(13)	24,577
Net	564,043	(10,842)	(866)	-	(137,780)	414,555

Consolidated Financial Statements (In Thousand Baht)						
December 31, 2016	Credited / (Charged) to		Currency translation differences	Effect from loss of control in subsidiaries	December 31, 2017	
	Loss for the year	Other comprehensive income for the year				
<b>Deferred tax liabilities</b>						
Intangible assets – net	691,201	(308,402)	-	(49,817)	-	332,982
Effect from loss of control in subsidiaries	-	1,208,729	-	-	-	1,208,729
Revaluation surplus on land	-	-	52,505	-	-	52,505
Net	691,201	900,327	52,505	(49,817)	-	1,594,216

Separate Financial Statements (In Thousand Baht)				
	Credited / (Charged) to			
December 31, 2016	Loss for the year	Other comprehensive income for the year	December 31, 2017	
<b>Deferred tax assets - net</b>				
Loss carry forward	167,100	48,055	-	215,155
Depreciation	1,693	233	-	1,926
Capitalize interest expense as part of land	7,291	1,750	-	9,041
Deferred debenture underwriting fee	(5,746)	84	-	(5,662)
Others	5,389	3,057	(717)	7,729
Net	175,727	53,179	(717)	228,189

#### Unrecognized Deferred Tax Assets

As at December 31, 2017 and 2016, the Pace Development Corporation Group did not recognize deferred tax assets from loss carry forward and certain temporary differences totalling Baht 2,332.4 million (The Company: Baht 496.8 million) and Baht 1,021.5 million (The Company: Nil), respectively, since it is not probable that future taxable profit will be available against which certain subsidiaries can utilize the benefit therefore.

## 19. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

	Interest rate (% p.a.)		In Thousand Baht			
			Consolidated		Separate	
	2017	2016	Financial Statements	Financial Statements	Financial Statements	Financial Statements
			2017	2016	2017	2016
Bank overdrafts	(MOR)	7.12 - 7.375 (MOR)	23,807	21,869	3,294	-
Short-term borrowings						
- In Thai Baht	5 - 5.5 (Fixed rate and MLR-0.75)	5.5 (MLR-0.75)	3,993,406	769,500	3,723,906	500,000
- In U.S. Dollars	2.7344 (LIBOR+1.5)	0.8556 (LIBOR+0.25)	326,400	358,307	-	-
Total			4,319,806	1,127,807	3,723,906	500,000
Less: Deferred loan arrangement fee			(2,909)	(8,652)	(1,667)	-
Net			4,316,897	1,119,155	3,722,239	500,000
Grand Total			4,340,704	1,141,024	3,725,533	500,000

### The Company

As at December 31, 2017 and 2016, the Company had an overdraft line amounting to Baht 30 million. Such credit facility is guaranteed as discussed in Note 22.

On March 8, 2017, the Company entered into the Credit Facility Agreement to obtain short-term loan facility from a local financial institution using for working capital of the Company amounting to Baht 500 million. This borrowing bears interest at the rate of 5.5% per annum and will be repayable within March 7, 2018. Such credit facilities are guaranteed by collaterals as discussed in Note 22.

On June 29, 2017, the Company obtain unsecured short-term borrowing from a local financial institution using for working capital of the Company of Baht 670 million. This borrowing bears interest at the rate of 5% per annum and fully repaid on July 12, 2017.

On October 2, 2017 and October 12, 2017, the Company has entered into 2 credit facility agreements with a local financial institution to obtain revolving and uncommitted credit line under promissory notes totalling of Baht 3,000 million using for the repayment of maturity debts, bill of exchanges and debentures, and overdue expenses and working capital of the Company. These borrowing bears interest at the rate of 5% per annum and will be repayable within January 16, 2018. Subsequently, such credit facilities are extended to rollover many times and will be repayable within March 6, 2018. Such credit facilities are guaranteed by collaterals as discussed in Note 22.

As at December 31, 2017 and 2016, short-term loan from a local financial institution of Baht 500 million is unsecured loan and repayable on March 10, 2018 (2016: January 6, 2017).

### Subsidiaries

On May 31, 2016, Dean & DeLuca, Inc. entered into the short-term credit facilities agreement totaling U.S. Dollars 10 million with a financial institution in the United States of America. Such credit facilities have the maturity date within June 2, 2017 and are guaranteed by a standby letter of credit issued by a financial institution in Thailand of credit of U.S. Dollars 10 million as discussed in Note 22. On May 30, 2017, such subsidiary entered into the first amendment and waiver to credit agreement to extend the due date to be September 2, 2017. Subsequently on August 24, 2017 and January 3, 2018, such subsidiary entered into the second and third amendment and waiver to credit agreement to extend the due date to be January 2, 2018 and January 2, 2019, respectively.

As at December 31, 2017 and 2016, short-term borrowing from a financial institution of YLP Company Limited amounting to Baht 269.5 million is guaranteed by collaterals as discussed in Note 22.

As at December 31, 2017 and 2016, subsidiaries have overdraft lines totaling Baht 50 million and Baht 90 million, respectively. Such credit facilities of subsidiaries are guaranteed by collaterals as discussed in Note 22.

## 20. SHORT-TERM BORROWINGS

	In Thousand Baht					
	Interest rate (% p.a.)		Consolidated		Separate	
	2017	2016	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2017	2016	2017	2016	2017	2016
Short-term borrowings	6.5 - 7.75	5.5 - 7.75	705,000	4,507,000	455,000	4,407,000
Less : Prepaid interest expense			(6,679)	(61,914)	(4,600)	(60,674)
Less : Deferred loan arrangement fee			(245)	(105)	-	(105)
Net			698,076	4,444,981	450,400	4,346,221

### The Company

As at December 31, 2017, borrowings of Baht 300 million are unsecured bills of exchange and borrowings of Baht 155 million are secured bills of exchange and repayable in January to March 2018.

As at December 31, 2016, borrowings of Baht 4,407 million are unsecured bills of exchange and repayable during January to August 2017.

### Subsidiary

As at December 31, 2017, borrowing of Baht 250 million was unsecured bills of exchanges and repayable in February 2018.

As at December 31, 2016, borrowing of Baht 100 million was secured bill of exchange and repayable in March 2017.

## 21. ADVANCES AND DEPOSITS RECEIVED FROM CUSTOMERS

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

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

Advances received from customers of YLP Company Limited represent fees for reservation and deposits of the condominium units of Windshell Naradhiwas 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.

## 22. LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS - Net

	In Thousand Baht					
	Interest rate (% p.a.)		Consolidated		Separate	
	2017	2016	2017	2016	2017	2016
Borrowings from financial institutions						
- In Thai Baht	5 - 6.025	5.775 - 6.125	7,066,389	8,972,981	3,255,229	3,288,704
- In U.S. Dollars	5.64678	5.13085	2,611,200	2,866,456	-	-
Total			9,677,589	11,839,437	3,255,229	3,288,704
Less: Deferred loan arrangement fee			(132,368)	(90,567)	(17,839)	(40,167)
			9,545,221	11,748,870	3,237,390	3,248,537
Less: Portion due within one year			(4,830,930)	(9,235,365)	(1,799,929)	(1,120,277)
Net			4,714,291	2,513,505	1,437,461	2,128,260

### The Company

The credit facilities of the Company are as follows:

Type of credit facilities		(In Million Baht)	Interest rate
		Amount	
1	Bank overdrafts and short-term loan facilities	3,978.6	Fixed rate and float rate as indicated in each agreement
2	Long-term loan facilities	5,773.3	Float rates as indicated in each agreement
3	Letter of guarantee, letter of credit, trust receipt and aval (sublimit of long-term loan facilities as mentioned in no.2)	600.0	As indicated in each agreement
4	Letter of guarantee	45.0	As indicated in each agreement
Total		9,796.9	

Unsecured short-term loan facility of Baht 670 million was included as a part of above credit facilities and it was fully repaid on July 12, 2017 as discussed in Note 19.

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land and the real estate projects for sales under development of the Company and Pace Project Two Co., Ltd. as discussed in Notes 12 and 14,
- mortgage of land and building located or will be constructed on land of Pace Country Club Co., Ltd. as discussed in Note 13,
- conditional assignment on main construction contracts and project accounts,
- conditional assignment on shareholder loan agreements, Managed Services Agreement, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit with the customers of Pace Project Two Co., Ltd.,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- all of the Pace Project Two Co., Ltd.'s shares held by the shareholders as discussed in Note 10,
- pledge of Interest Reserve Account of the Company,
- 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,
- 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 Company is committed to comply with certain conditions as indicated in the credit facilities agreements.

## Subsidiaries

The credit facilities of subsidiaries are as follows:

		(In Million Baht)	
	Type of credit facilities	Amount	Interest rate
1	Bank overdrafts and short-term loan facilities (short-term loan facilities of Baht 270 million can be amended to long-term loan facilities)	320.0	Float rate as indicated in each agreement
2	Long-term loan facilities	8,599.9	Float rates and fixed rate as indicated in each agreement
3	Letter of guarantee, letter of credit, trust receipt and aval (sublimit of long-term loan facilities as mentioned in no.2)	1,230.0	As indicated in each agreement
4	Letter of guarantee	220.0	As indicated in each agreement
	Total	9,139.9	

		(In Million U.S. Dollars)	
	Purpose	Amount	Interest rate
A	Long term loan facility	80	Float rate as indicated in the agreement
B	Standby letter of credit facility	10	As indicated in each agreement
	Total	90	

On July 11, 2017, Pace Project Two Co., Ltd. (subsidiary) has entered into credit facility agreement with a local financial institution for 18 months term loan facility of Baht 3,000 million using for the repayment of maturity debts, bill of exchanges and debentures and working capital of the Company. Such long-term loans will be repayable within December 2018 or such subsidiary has the proceeds from sales of condominium units of the subsidiary.

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land and the real estate projects for sales under development of the Company and subsidiaries as discussed in Notes 12, 13 and 14,
- mortgage of land and building located or will be constructed on land of Pace Country Club Co., Ltd. as discussed in Note 13,
- conditional assignment on main construction contracts and project accounts,
- conditional assignment on Managed Services Agreement, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit with the customers of Pace Project Two Co., Ltd.,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- all of the Pace Project Two Co., Ltd., Pace Real Estate Co., Ltd., Pace Food Retail Co., Ltd. and Pace Country Club Co., Ltd.'s shares held by the shareholders as discussed in Note 10,
- all of the Dean & DeLuca, Inc.'s shares held by the shareholders,
- pledge of Interest Reserve Account of certain subsidiaries,
- deposits at bank of Pace Project Two Co., Ltd. without any restriction use,
- jointly guarantee by the Company, Pace Food Retail Co., Ltd., 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,
- 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,
- 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.

The Company and subsidiaries are 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.

As at December 31, 2017 and 2016, a subsidiary could not maintain debt to equity ratio not exceeding 2.5 to 1 indicated in the credit facility agreement with a financial institution. 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 Baht 27.4 million and Baht 31.4 million as at December 31, 2017 and 2016, respectively, as a part of "Current portion of long-term borrowings from financial institutions" under the current liabilities in the consolidated statements of financial position as at December 31, 2017 and 2016.

As at December 31, 2017, Dean & DeLuca, Inc. (subsidiary) had breached trade condition with creditors. Such event may trigger an event of default of debts from a financial institution in Thailand. However, at present, such financial institution has not issued debt repayment notice to such subsidiary and still charged interest at the normal interest rate.

### 23. LONG-TERM BORROWINGS FROM OTHER PERSONS AND OTHER COMPANIES

	In Thousand Baht					
	Interest rate (% p.a.)		Consolidated		Separate	
	2017	2016	Financial Statements	Financial Statements	Financial Statements	Financial Statements
			2017	2016	2017	2016
Long-term borrowings	12.00	-	530,000	30,000	30,000	30,000
Less: Deferred loan arrangement fee			(9,411)	-	-	-
			520,589	30,000	30,000	30,000
Less: Portion due within one year			(30,000)	-	(30,000)	-
Net			490,589	30,000	-	30,000

#### The Company

As at December 31, 2017 and 2016, long-term borrowings from other persons represented unsecured borrowings. These borrowings will be repayable in December 2018 with the surcharge of Baht 5.4 million.

#### Subsidiary

On August 18, 2017, Pace Food Retail Co., Ltd. (subsidiary) entered into loan agreements to obtain secured long-term borrowings from 2 local companies of Baht 500 million using for working capital of Dean Group (2016: Nil).

The significant details are follows:

- repayable within August 2019.
- interest at the rate of 12% per annum.
- loan arrangement fee of 3% per annum.

Such subsidiary is committed to comply with certain conditions as indicated in the loan agreements. The loans are collateralized by the followings:

- subordinate mortgage of land of real estate projects for sales under development and land of properties for lease of the Company as discussed in Notes 12 and 14,
- subordinate mortgage of land of a subsidiary as discussed in Note 13,
- grant the rights on 1,600 memberships of MahaSamutr Country Club,
- corporate guarantee by the Company.



**24. DEBENTURES - Net**

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2017	2016
Debentures	4,542,000	4,723,000
Less: Deferred debenture underwriting fee	(15,075)	(28,622)
	4,526,925	4,694,378
Less: Portion due within one year	(3,317,611)	(1,393,515)
Less: Portion due over one year but classified as current liabilities	(1,209,314)	-
Net	-	3,300,863

Such debentures represented unsubordinated and unsecured debentures in registered name. The details are as follows:

Issuance and offering date	Amount (In Thousand Baht)		Term of debenture	Maturity date	Fixed interest rate (% per annum)
	2017	2016			
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	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	523,000	2 years	March 4, 2018	7.0
June 30, 2016	1,500,000	1,500,000	1 year 7 months	January 30, 2018	5.4
May 23, 2017	1,219,000	-	2 years 9 months	February 23, 2020	6.5
Total	4,542,000	4,723,000			

The Company is committed to comply with certain conditions as indicated in the prospectus such as maintaining financial ratio and others. However, as at December 31, 2017, the Company cannot comply with the condition on maintaining debt-to-equity ratio.

## 25. NON-CURRENT PROVISION FOR EMPLOYEE BENEFITS

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Employee retirement benefit as at January 1	17,482	9,241	15,025	7,869
Current service costs	4,642	9,280	4,062	8,290
Interest expense	579	599	502	504
Payment during the year	(98)	(1,638)	-	(1,638)
Actuarial gains	(4,332)	-	(3,589)	-
Employee retirement benefit as at December 31	18,273	17,482	16,000	15,025

Expenses recognized in the statement of comprehensive income for each of the years ended December 31, 2017 and 2016 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
In profit or loss for the year :				
Current service costs	4,642	9,280	4,062	8,290
Interest expense	579	599	502	504
In other comprehensive income for the year :				
Actuarial gains	(4,332)	-	(3,589)	-
Total	889	9,879	975	8,794

Actuarial assumptions:

Year 2017	The Company	Subsidiaries
Discount rate	2.39% per annum	2.75% - 3.78% per annum
Future salary increase rate	5.91% per year	4.74% - 7.00% per year
Employee turnover rate	0% - 24% per year	0% - 52% per year
Mortality rate	100% of Thai Mortality Table Year 2017	100% of Thai Mortality Table Year 2017
Disability rate	10% of Thai Mortality Table Year 2017	10% of Thai Mortality Table Year 2017
Year 2016	The Company	Subsidiaries
Discount rate	3.12% per annum	3.12% - 4.41% per annum
Future salary increase rate	6.00% per year	4.32% - 7.00% per year
Employee turnover rate	0% - 28% per year	0% - 28% per year
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

## 26. NON-CONTROLLING INTERESTS

Non-controlling interests included share of comprehensive income of Dean & DeLuca Airport Co., Ltd. of Baht 0.3 million in the consolidated financial statements for the year ended December 31, 2017 (2016: Nil).

## 27. SHARE CAPITAL

At the extraordinary shareholders' meeting of the Company held on July 5, 2016, the shareholders approved:

- a) 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,
- b) 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,
- c) 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,
- d) 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 12. 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.

At the extraordinary shareholders' meeting of the Company held on December 14, 2017, the shareholders unanimously passed the resolutions to approve on the following matters:

- a) To offering the new common shares not exceed of Baht 7,516,056,394 (divided into 7,516,056,394 common shares at Baht 1 par value) to the existing shareholders (Right Offering) at the ratio 1 to 2 (old ordinary shares to new ordinary shares) which has offering price at Baht 0.5 per share.
- b) To offering the exercise warrants no.1 ("PACE-W1") not exceed 1,503,211,278 units for allocate to the Company's existing shareholders who had share subscription and were allocated the new ordinary shares at holding proportionate (Rights Offering). The exercise ratio 5 to 1 (new common share to warrant) which had no value and the exercise price at Baht 0.8 per share. The exercise period 6 months.
- c) To offering the exercise warrants no.2 ("PACE-W2") not exceed 2,505,352,131 units for allocate to the Company's existing shareholders who had share subscription and were allocated the new ordinary shares at holding proportionate (Rights Offering). The exercise ratio 3 to 1 (new common share to warrant) which had no value and the exercise price at Baht 2 per share. The exercise period 5 years.
- d) To offering 1,500,000,000 new ordinary shares (at Baht 1 par value) to private placement will be occurred after indicated list of shareholders to reserve the right on ordinary shares based on holding proportionate.
- e) To approval reduce the authorized share capital of the Company from Baht 4,078,028,197 (divided into 4,078,028,197 shares at Baht 1 par value) to be Baht 3,758,028,197 (divided into 3,758,028,197 shares at Baht 1 par value) by reducing 320,000,000 unsubscribed ordinary shares at Baht 1 par value. The Company registered the decrease in authorized share capital with the Ministry of Commerce on December 22, 2017.
- f) To approval increase the authorized share capital of the Company from Baht 3,758,028,197 (divided into 3,758,028,197 shares at Baht 1 par value) to be Baht 16,782,648,000 (divided into 16,782,648,000 shares at Baht 1 par value) by issuance of new ordinary shares of 13,024,619,803 shares to reserve for Right Offering (RO) 7,516,056,394 shares, exercise of warrants ("PACE-W1" and "PACE-W2") totalling 4,008,563,409 shares and Private Placement 1,500,000,000 shares. The Company registered the increase in authorized share capital with the Ministry of Commerce on December 25, 2017.

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

Weighted average number of shares (basic) for each of years ended December 31, 2017 and 2016 are as follows:

	In Million Shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Number of shares outstanding as at January 1	3,758.0	3,261.7	3,758.0	3,261.7
Effect of shares issued during the year	-	216.1	-	216.1
Weighted average number of shares (basic)	<u>3,758.0</u>	<u>3,477.8</u>	<u>3,758.0</u>	<u>3,477.8</u>

## 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, 2017 and 2016 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Costs of sales of residential condominium units and villa	4,451,246	1,029,454	102,725	21,370
Change in inventories	(87,818)	(22,371)	-	-
Purchase of inventories	1,689,793	1,643,793	-	-
Employee benefit expenses	1,731,197	1,570,494	318,187	333,771
Management benefit expenses	51,624	51,378	48,083	47,759
Selling, marketing and advertising expenses	1,335,845	729,309	27,452	85,753
Commission expenses	60,613	56,850	2,710	15,479
Depreciation and amortization	282,786	332,474	35,740	21,114
Professional and consulting fees	653,182	383,145	172,091	13,042
Rental, service and utilities expenses	850,073	686,919	48,058	22,830
Impairment loss on assets	2,304,443	183,462	1,976,419	-
Bank charges and credit card fee	15,031	82,579	548	775
Other expenses	<u>975,543</u>	<u>505,143</u>	<u>232,511</u>	<u>40,698</u>
Total expenses	<u>14,313,558</u>	<u>7,232,629</u>	<u>2,964,524</u>	<u>602,591</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 3% and 15% of the employees' basic salaries. The Company and certain subsidiaries contributes to the fund at 3% to 7% 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 2017 and 2016, which were charged to the statement of comprehensive income, amounted to Baht 7.9 million and Baht 4.8 million, respectively.

The Pace Development Corporation Group's contribution for the years 2017 and 2016, which were charged to the statement of comprehensive income, amounted to Baht 12.4 million and Baht 7.3 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 5 reportable segments as follows:

- 1) The property development segment, which develops and sells condominium units.
- 2) The hotel segment, which operates hotel business.
- 3) The shopping centre segment, which develops and leases out shopping centre
- 4) The retailer of premium gourmet and delicatessen business segment
- 5) Others

In the second quarter of 2017, investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. were changed from subsidiaries to be joint ventures as discussed in Note 2, resulting in no hotel and shopping centre business segments onwards.

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.

	In Million Baht													
Property development	Hotel		Shopping centre		Premium gourmet and delicatessen		Others		Elimination of inter-segment		Total			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		
Revenues	5,924	1,375	-	-	24	81	3,225	4,027	-	236	(282)	9,114	5,437	
Cost of sales	(4,633)	(1,054)	-	-	(29)	(104)	(1,678)	(1,654)	-	(239)	268	(6,138)	(2,783)	
Gross profit (loss)	1,291	321	-	-	(5)	(23)	1,547	2,373	-	(3)	143	2,976	2,654	
Other income	763	761	1	-	24	-	71	24	369	2	(1,071)	157	30	
Other expenses	(3,769)	(1,014)	(25)	(45)	(6)	(21)	(4,847)	(3,410)	(449)	(37)	920	(8,176)	(4,450)	
Segment profit (loss)	(1,715)	68	(24)	(45)	13	(44)	(3,229)	(1,013)	(80)	(38)	(8)	(5,043)	(1,766)	
Finance costs												(976)	(638)	
Effect from loss of control in subsidiaries												7,113	-	
Share of net loss of investments in joint ventures												(5)	(3)	
Income tax income (expense)												(918)	81	
Profit (loss) for the year												171	(2,326)	
Profit (loss) attributable to owners of the parent												171	(2,326)	
<b>Other information</b>														
Segment assets	28,711	33,363	-	4,388	-	2,900	10,466	9,901	355	414	(7,109)	(19,135)	32,423	31,831
Segment liabilities	25,340	27,401	-	4,901	-	3,360	11,477	7,503	680	651	(7,336)	(13,674)	30,161	30,142
Depreciation	45	33	-	-	13	48	107	88	4	3	(8)	7	161	179

## 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, 2017 and 2016 and total assets as at December 31, 2017 and 2016 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues and other income	7,621	2,710	2,780	3,796	-	-	(1,130)	(1,039)	9,271	5,467
Total assets	32,831	43,406	6,103	6,803	698	757	(7,209)	(19,135)	32,423	31,831

## 32. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, Savings deposit with specific purpose, 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 faces with liquidity risk as discussed in Note 1.

### 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.

## 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 borrowings from financial institutions, short-term borrowings, , long-term borrowings from financial institutions, liabilities under finance lease contracts, debentures and long-term borrowings 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, 2017 and 2016, classified by type of interest rates are summarized in the table below:

	2017 (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	-	-	-	851,379	351,015	1,202,394	0.10% -0.40 %
Short-term investments	-	-	-	-	9,846	9,846	-
Trade account receivables	-	-	-	-	80,101	80,101	-
Advances and other current receivables							
from related companies	-	-	-	-	38,186	38,186	-
Refundable value added tax	-	-	-	-	84,471	84,471	-
Restricted savings deposit and current account	-	-	-	100,393	-	100,393	0.375%
Accrued management fee income	-	-	-	-	106,466	106,466	-
Interest receivables from related company	-	-	-	-	302,068	302,068	-
Long-term loans to related companies	-	1,741,008	-	-	-	1,741,008	7.5%, 2.64%
Total	-	1,741,008	-	951,772	972,153	3,664,933	
<b>Financial liabilities</b>							
Bank overdrafts and short-term borrowings from							
financial institutions	3,722,239	-	-	618,465	-	4,340,704	3.063% -7.2 %
Short-term borrowings	698,076	-	-	-	-	698,076	6.5% - 7.75%
Trade account payables	-	-	-	-	2,490,227	2,490,227	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other current payables to related companies	-	-	-	-	111,699	111,699	-
Other current account payables	-	-	-	-	65,518	65,518	-
Short-term borrowings from related parties							
and accrued interest	35,060	-	-	-	86,170	121,230	7.50%
Liabilities under finance lease contracts	2,948	3,119	-	-	-	6,067	5.42%-11.125%
Interest payable to related companies	-	-	-	-	29,245	29,245	-
Long-term borrowings from related companies	-	499,792	-	-	-	499,792	7.50%
Long-term borrowings from financial							
institutions	-	-	-	9,545,221	-	9,545,221	5.00% -6.025 %
Long-term borrowings from other persons							
and other companies	30,000	490,589	-	-	-	520,589	6.00%, 12.00%
Debentures	4,526,925	-	-	-	-	4,526,925	5.4% - 7.00%
Total	9,015,248	993,500	-	10,163,686	2,884,271	23,056,705	



	2016 (Consolidated Financial Statements)					In Thousand Baht	
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rates (% p.a.)
	Within 1 year	1- 5 years	Over 5 years				
<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	-	-	-	-	93,343	93,343	-
Advances and other current receivables from joint venture and 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 joint venture and related company	-	-	-	-	823	823	-
Long-term loans to joint venture and related company	-	-	-	75,244	-	75,244	2.26%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,004,271</b>	<b>438,226</b>	<b>1,442,497</b>	
<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 current payables to joint ventures and related companies	-	-	-	-	23,077	23,077	-
Other current account payables	-	-	-	-	32,855	32,855	-
Deposit received from customers	-	-	-	-	8,485	8,485	-
Long-term loans from financial institutions	-	-	-	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	6,135	6,029	-	-	-	12,164	5.42% - 15.00%
Debentures	1,393,515	3,300,863	-	-	-	4,694,378	5.40% - 7.00%
<b>Total</b>	<b>6,344,631</b>	<b>3,336,892</b>	<b>-</b>	<b>12,389,894</b>	<b>1,826,072</b>	<b>23,897,489</b>	

	2017 (Separate 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	-	-	-	90,466	37,240	127,706	0.375% - 0.40%
Saving deposit with specific purpose	-	-	-	929	-	929	0.375%
Short-term investments	-	-	-	-	9,846	9,846	-
Trade account receivables	-	-	-	-	38,564	38,564	-
Advance to and other current receivables from subsidiaries, joint venture and related companies	-	-	-	-	161,379	161,379	-
Restricted saving deposit and current account	-	-	-	47,438	-	47,438	0.375%
Accrued management fee income	-	-	-	-	289,106	289,106	-
Interest receivable from subsidiaries and related company	-	-	-	-	1,699,873	1,699,873	-
Long-term loans to subsidiaries and joint venture	-	4,439,504	-	2,380,592	-	6,820,096	7.5% -9.025%
Total	-	4,439,504	-	2,519,425	2,236,008	9,194,937	
<b>Financial liabilities</b>							
Bank overdrafts and short-term borrowings from financial institutions	3,722,239	-	-	-	3,294	3,725,533	5.50%
Short-term borrowings	450,400	-	-	-	-	450,400	6.5% - 7.75%
Trade account payables	-	-	-	-	872,707	872,707	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other current payables to subsidiaries, joint venture and related companies	-	-	-	-	18,357	18,357	-
Long-term borrowings from financial institution	-	-	-	3,237,390	-	3,237,390	5.00% -6.025 %
Long-term borrowings from other persons	30,000	-	-	-	-	30,000	6.00%
Liabilities under finance lease contracts	2,661	2,824	-	-	-	5,485	5.42% - 11.13%
Debentures	4,526,925	-	-	-	-	4,526,925	5.4% - 7.00%
Total	8,732,225	2,824	-	3,237,390	995,770	12,968,209	

	2016 (Separate Financial Statements)			In Thousand Baht			
	Fixed interest rates				Non-interest		Effective
	Within		Over	Floating	bearing	Total	interest rates
	1 year	1- 5 years	5 years	interest rate			(% 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 current 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 current payables to related company	-	-	-	-	2,213	2,213	-
Long-term loans from financial institution	-	-	-	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	3,387	5,447	-	-	-	8,834	5.42% - 15.00%
Debentures	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	

### 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 current 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 borrowings from financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rate, which approximate market rates.

Short-term borrowings, trade account payables, payable for purchase of land, other current 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 borrowings financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rates, which approximate market rates.

Long-term borrowings from other persons and other companies, 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, an ex-subsiary 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, an 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. Subsequently, during 2017, such subsidiary entered into Side Letter to RMLA Regarding Term to extend the effective term to the earlier of June 30, 2018 or the closing of all residential units.

### 34. OTHERS

- 1) As at December 31, 2017 and 2016, the Pace Development Corporation Group had:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
a) letters of credit opened but not utilized.	-	14,129	-	-
b) letters of guarantee issued by a local financial institution in favor of a government agency, the state enterprises, and customers which were guaranteed by collaterals as discussed in Note 22 (included joint ventures of Baht 10.2 million).	31,340	90,517	20,878	21,783

In Thousand Baht				
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
c) commitments under the agreements and letters of intent for the costs of construction and interior services and purchase of property, plant and equipment (Notes 12 and 13) (included joint ventures of Baht 751.8 million). As at December 31, 2016: a portion of Baht 14.1 million were covered by letters of credit which were guaranteed by collaterals as discussed in Note 22 (2017: Nil)	3,902,557	4,844,073	1,422,137	2,086,562
d) commitments 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 and concession fee under the agreements in connection with the sale operations of food and beverage at the Suvarnabhumi Airport with King Power Suvarnabhumi Co., Ltd. (Note 15) (included joint venture of Baht 10.5 million).	143,799	19,500	-	-
e) commitments under the agreement to purchase and to sell land for new development project.	1,062,004*	-	1,062,004*	-
f) commitments to pay initial license fees under the license and consulting agreements (included joint venture Baht 7.9 million)	7,942	17,961	-	-

- \* As at December 31, 2017, the Company has advance payment for purchase of land for new development project of Baht 100 million. Under the term of agreements to sell and purchase of land dated January 4, 2017 and amendment agreements dated January 31, 2017 and February 21, 2017, the ownership on such land shall be transferred to the Company when payments are made in full amount within July 31, 2017, otherwise the seller has right to confiscate such deposit without any notice. The Company sent the intention letter to purchase of land dated August 29, 2017 to the seller and received the acknowledge letter from the seller dated September 1, 2017 for consideration the Company's proposal without mention of waiving its confiscation rights on such deposits. Based on the in-house legal counsel opinion of the Pace Development Corporation Group, seller has the right to confiscate such deposit. However, as verbally discussed between the Company's management and the seller, that the Company could finally purchase such land, the management believes that such advance payment would not be confiscated. Hence, the Company did not set up provision for impairment loss on advance payment for purchase of land.

- 2) As at December 31, 2017 and 2016, 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 3 months to 193 months. In addition, the Pace Development Corporation Group had commitments under sponsorship agreements with internationally known events in the United States of America. The totals of future minimum lease payments under non-cancellable operating leases and the commitments under the Sponsorship Agreements for each period are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Not later than 1 year	1,033,673	986,516	35,416	8,111
Later than 1 year and not later than 5 years	3,789,252	4,290,110	35,937	8,318
Later than 5 years	2,006,250	2,976,358	-	-
Total	6,829,175	8,252,984	71,353	16,429

- 3) As at December 31, 2017 and 2016, the Pace Development Corporation Group has detail of projects under development as follows:

	2017	2016
Value of sales already contracted (in Thousand Baht)	18,548,602	17,087,299
As percentage of total sales of project on hand (%)	61.88	64.28

- 4) As at December 31, 2017 and 2016, current account amounting to USD 0.8 million (equivalent to Baht 26.8 million and Baht 29.4 million, respectively) was pledged as collateral for letters of credit according to a requirement of leases on the 3 cafes and an office in New York.
- 5) As at December 31, 2017 and 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 57.8 million and Baht 61.6 million, respectively) within March 31, 2019.
- 6) As at December 31, 2017, Dean & DeLuca Airport Co., Ltd., a subsidiary, had commitment to provide a letter of bank guarantee of Baht 28.2 million to King Power Suvarnabhumi Co., Ltd. for guarantee their performance business operation (2016: Nil).

### 35. EVENTS AFTER THE REPORTING PERIOD

- 1) At the Board of Directors' meeting of the Company held on January 3, 2018, the Board of Directors approved:
  - a) Issuance and offer for sale of the newly-issued ordinary shares to a specific investor (Private Placement) as approved by the Extraordinary General Meeting of Shareholders of the Company held on December 14, 2017 to local financial institution. Such financial institution intends to subscribe the newly-issued ordinary shares of the Company totalling amount not exceeding 1,500,000,000 shares. The first subscription of Baht 204 million (400 million ordinary shares at Baht 0.51 per share) was subscribed from such financial institution. The Company registered the paid-up share capital with Ministry of Commerce on January 9, 2018 by increasing paid up share capital from Baht 3,758,028,197 (divided into 3,758,028,197 ordinary shares at Baht 1 par value) to be Baht 4,158,028,197 (divided into 4,158,028,197 ordinary shares at Baht 1 par value)
  - b) Dissolution of the Company's subsidiary, Pace Creative Agency Company Limited which has a registered capital of Baht 10,000,000 and operates in designing, advertising, and marketing communications businesses.
- 2) During January 29, 2018 to February 15, 2018, the Company received the proceeds from increase in share capital from the allocation of newly issued ordinary shares to the existing shareholders proportionate to their respective shareholding (Right Offering) totalling Baht 3,690 million (7,380.66 million ordinary shares at Baht 0.50 per share). On February 16, 2018, the Company registered the paid-up share capital from Baht 4,158,028,197 (divided into 4,158,028,197 ordinary shares at Baht 1 par value) to be 11,538,690,551 (divided into 11,538,690,551 ordinary shares at Baht 1 par value).
- 3) At the Extraordinary Shareholder' Meeting of Pace Project Three (joint venture) held on February 1, 2018, the Shareholder's meeting approve to increase share capital from Baht 195,000,000 to Baht 196,100,100 by issue 1 ordinary share and 11,000 Group D preference shares. Such joint venture registered with the Ministry of Commerce on February 2, 2018 to increase 3 preference shares from 950,000 shares to 950,003 shares at Baht 100 par value which resulted such joint venture to have registered share capital totalling 1,950,003 shares (divided into 1,000,000 ordinary shares and 950,003 preference shares at par value Baht 100).

### 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 January 31, 2017, approved to release the covenant calculation as at December 31, 2016. However, the Company cannot comply their debt-to equity ratio as at December 31, 2017.

No changes were made in the Pace Development Corporation Group's objectives, policies or processes during the years ended December 31, 2017 and 2016.

### 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 for such assets or liabilities, such as uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities, or estimates of future cash flows

As at December 31, 2017 and 2016, the Pace Development Corporation Group had the following assets that were measured at fair value using different levels of inputs as follows:

2017 Consolidated Financial Statements (In Thousand Baht)				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Trading investments				
- Open-end fixed income fund	-	9,846	-	9,846
Property, plant and equipment				
- Land at appraisal value	-	-	547,030	547,030
Total	-	9,846	547,030	556,876
2016 Consolidated 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.

Level 3 land at appraisal value are fair valued based on valuation measured by independent valuer which was determined based on market approach.



### 38. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	Consolidated financial statement (In Thousand Baht)		
	Before		After
	Reclassification	Reclassification	Reclassification
<b>Statements of financial position</b>			
Land	1,503,387	(1,503,387)	-
Construction in progress	3,915,907	(3,915,907)	-
Leasehold improvements and equipment - net	1,589,595	(1,589,595)	-
Property, plant and equipment - net	-	7,301,903	7,301,903
Properties for lease - net	984,212	(293,014)	691,198
Total	7,993,101	-	7,993,101

	Separate financial statement (In Thousand Baht)		
	Before		After
	Reclassification	Reclassification	Reclassification
<b>Statements of financial position</b>			
Land	276,242	(276,242)	-
Construction in progress	398,557	(398,557)	-
Properties for lease - net	-	674,799	674,799
Total	674,799	-	674,799

### 39. 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 Pace Development Corporation Group as follows:

TFRS	Topic	Effective date
TFRS 2 (revised 2017)	Share-based Payment	2018
TFRS 3 (revised 2017)	Business Combinations	2018
TFRS 5 (revised 2017)	Non-current Assets held for Sale and Discontinued Operations	2018
TFRS 8 (revised 2017)	Operating Segments	2018
TFRS 10 (revised 2017)	Consolidated Financial Statements	2018
TFRS 11 (revised 2017)	Joint Arrangements	2018
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities	2018
TFRS 13 (revised 2017)	Fair Value Measurement	2018
TAS 1 (revised 2017)	Presentation of Financial Statements	2018
TAS 2 (revised 2017)	Inventories	2018
TAS 7 (revised 2017)	Statement of Cash Flows	2018
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors	2018
TAS 10 (revised 2017)	Events after the Reporting Period	2018
TAS 11 (revised 2017)	Construction Contracts	2018
TAS 12 (revised 2017)	Income Taxes	2018
TAS 16 (revised 2017)	Property, Plant and Equipment	2018
TAS 17 (revised 2017)	Leases	2018
TAS 18 (revised 2017)	Revenue	2018
TAS 19 (revised 2017)	Employee Benefits	2018
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates	2018
TAS 23 (revised 2017)	Borrowing Costs	2018
TAS 24 (revised 2017)	Related Party Disclosures	2018
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans	2018

TAS 27 (revised 2017) TFRS	Separate Financial Statements Topic	2018 Effective date
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures	2018
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies	2018
TAS 33 (revised 2017)	Earnings per Share	2018
TAS 34 (revised 2017)	Interim Financial Reporting	2018
TAS 36 (revised 2017)	Impairment of Assets	2018
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets	2018
TAS 38 (revised 2017)	Intangible Assets	2018
TAS 40 (revised 2017)	Investment Property	2018
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2018
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease	2018
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2018
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies	2018
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment	2018
TFRIC 13 (revised 2017)	Customer Loyalty Programmes	2018
TFRIC 14 (revised 2017)	TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2018
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate	2018
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners	2018
TFRIC 18 (revised 2017)	Transfers of Assets from Customers	2018
TSIC 15 (revised 2017)	Operating Leases - Incentives	2018
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2018
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2018
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services	2018
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs	2018

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.

#### 40. APPROVAL OF FINANCIAL STATEMENTS

The Company's directors have authorized these financial statements for issue on February 28, 2018.

# GENERAL INFORMATION AND IMPORTANT INFORMATION

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## 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">http://www.pacedev.com</a>
Telephone	02 654 3344
Fax	02 654 3323

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## OTHER REFERENCE INFORMATION

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Ordinary share Registrar	Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building Ratchadaphisek Road, Dindaeng, Bangkok 10400 Tel. 02 009 9000 Fax. 02 009 9991
Auditor	Ms. Wimolsri Jongudomsombut Certified Public Accountant, Registration No. 3899 Baker Tilly Audit and Advisory Services (Thailand) Ltd. Level 21/1 Sathorn City Tower 175 South Sathorn Road, Sathorn, Bangkok 10120 Tel. 02 679 5400
Legal Advisor	Weerawong, Chinnavat & Peangpanor Ltd. 22 <sup>nd</sup> Floor, Mercury Tower, 540 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Tel. 02 264 8000 Fax. 02 657 2222
Debenture Registrar	TMB Bank Public Company Limited 3000 Phahonyothin Road, Chom Phon Sub-district, Chatuchak District, Bangkok 10900
Debentures	Debentures represented unsubordinated and unsecured debentures No. 4/2014 Maturity Year 2016 No. 1/2015 Maturity Year 2018 No. 2/2015 Maturity Year 2018 No. 3/2015 Maturity Year 2017 No. 4/2015 Maturity Year 2018 No. 1/2016 Maturity Year 2017 No. 2/2016 Maturity Year 2018

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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RESIDENCES

**DEAN & DELUCA**

**FICUS**  **SLANE**  
Condominium

**WINDSHELL NARADHIWAS**

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED**

87/2 CRC Tower, All Seasons Place, 45<sup>th</sup> Fl., Unit 3,  
Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Thailand

Tel. +66 2 654 3344 Fax. +66 2 654 3323

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