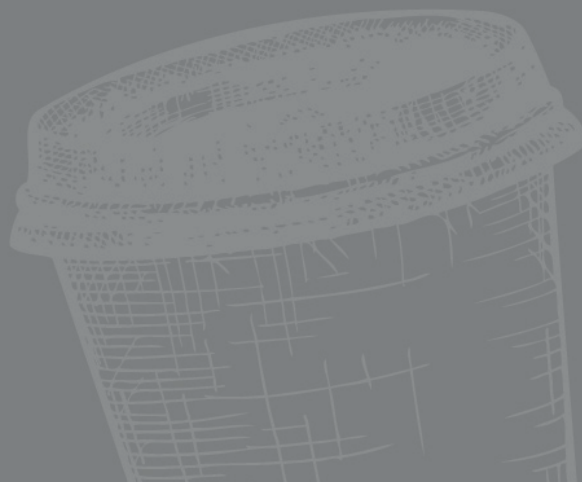
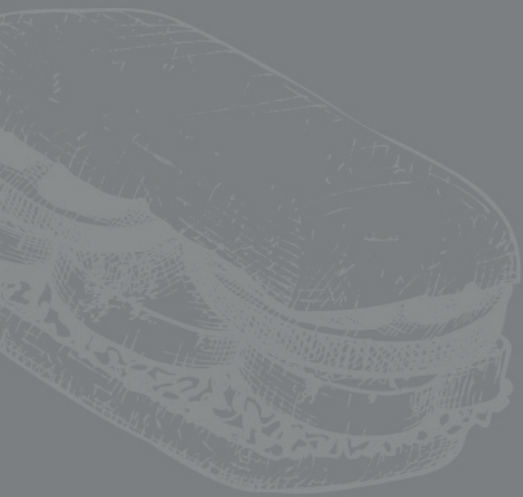




HERE'S TO NEW BEGINNINGS

**PACE
DEVELOPMENT**

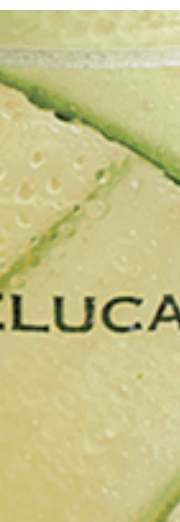
Corporation
Public Company Limited



ANNUAL REPORT

2018





AN ICON OF
NEW YORK CITY



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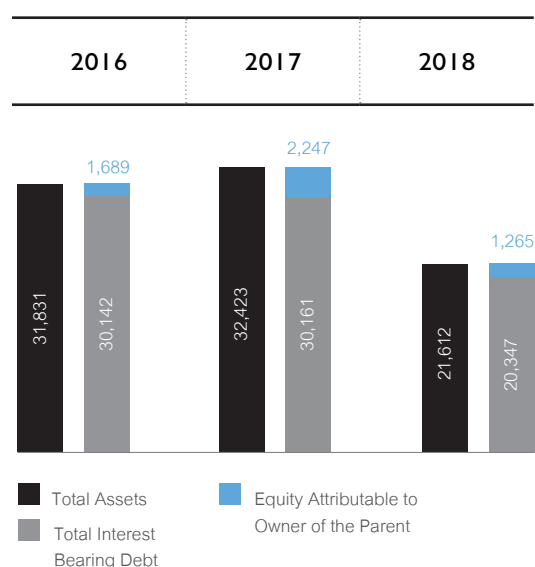
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FINANCIAL HIGHLIGHTS

TOTAL ASSETS

Unit: Million Baht

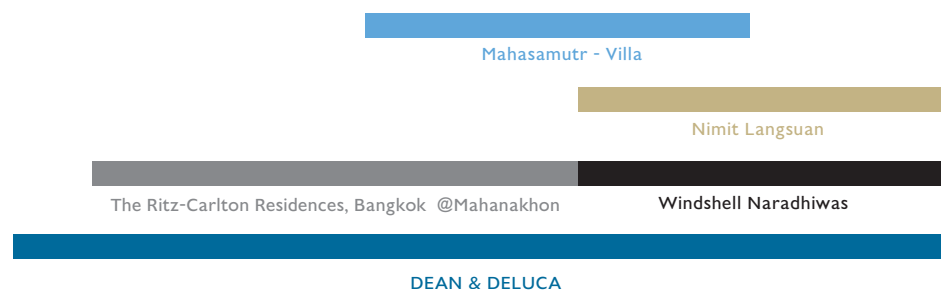
Statement of Financial Position 3 Years	2016	2017	2018
Total Assets	31,831.16	32,422.63	21,611.87
Total Liabilities	30,141.95	30,160.69	20,346.81
Equity Attributable to Owner of the Parent	1,689.21	2,246.94	1,265.06
Non-Controlling Interests	-	14.99	-
Total Shareholders' Equity	1,689.21	2,261.93	1,265.06



Unit: Million Baht

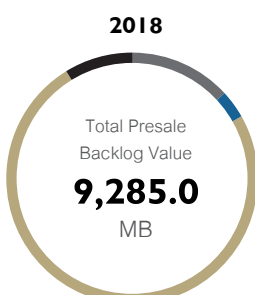
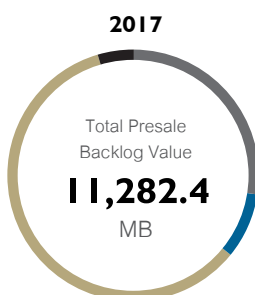
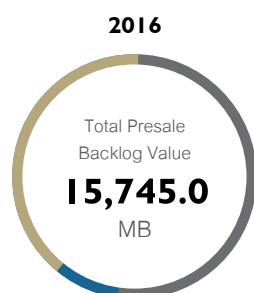
Projects	Cumulative Sales			Cumulative Recognized Revenue			Backlog		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Ficus Lane	32.8	-	-	32.8	-	-	-	-	-
Saladaeng Residences	-	-	-	-	-	-	-	-	-
The Ritz-Carlton Residences, Bangkok @Mahanakhon	9,466.9	10,379.5	14,256.3	1,342.3	7,169.6	13,080.9	8,124.6	3,209.9	1,175.4
MahaSamutr Villa	1,068.5	965.7	659.3	-	96.5	255.7	1,068.5	869.2	403.6
Nimit Langsuan	6,551.9	6,709.3	6,914.0	-	-	-	6,551.9	6,709.3	6,914.0
Windshell Naradhiwas	-	494.0	792.0	-	-	-	-	494.0	792.0
Total	17,120.1	18,548.5	22,621.6	1,375.1	7,266.1	13,336.6	15,745.0	11,282.4	9,285.0

TIMELINES OF REVENUE RECOGNITION OF DEVELOPING PROJECT AND FUTURE PROJECTS



SALES BACKLOG

Unit: Million Baht



DEAN & DELUCA

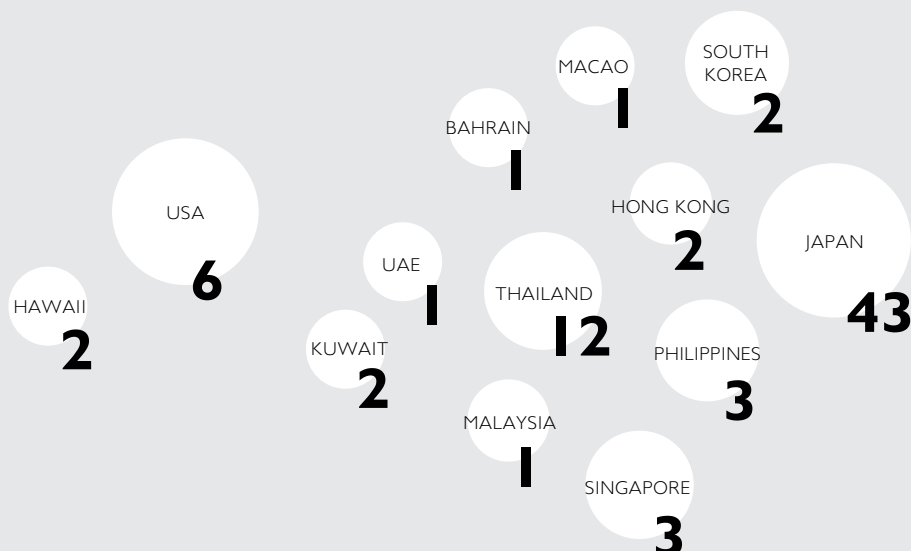
THE GROWTH OF GOURMET FOOD AND BEVERAGES “DEAN & DELUCA” TOTALING 79 STORES WORLDWIDE

The Company owns 6 stores in USA, 12 stores in Thailand, and co-owner of 24 stores in Japan as a joint venture agreement with a partner in Japan for café format; totaling 43 stores.

TOTALING

79

STORES
WORLDWIDE



MESSAGE FROM THE BOARD OF DIRECTORS



MR. KRAITHIP KRAIRIKSH
CHAIRMAN OF THE BOARD


MR. SORAPOJ TECHAKRAISRI
CHIEF EXECUTIVE OFFICER

On behalf of PACE Board of Directors and Executive Management, we would like to thank you for your continued support over the past years. PACE was founded 15 years ago with a vision to be Thailand's leader in property development and quality lifestyles. Since then we grew rapidly and have diversified our business portfolios, from high-end residential development, to world-class mixed-use landmark, to food & beverage business with a global presence. PACE is committed to creating long-term value for all our stakeholders, including our employees, customers, shareholders, lenders, suppliers, government agencies, and society at large.

In 2018, with the challenges faced, PACE focused our efforts on recapitalization, meeting financial obligations, reducing debts, and reinstating stakeholders' 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.

Our 2018 financial restructuring efforts started with transaction on parts of the assets in MahaNakhon development, including hotel, observatory, and retail CUBE to King Power MahaNakhon, which was consistent with PACE previous business plan to put MahaNakhon into Real Estate Investment Trust (REIT) upon project completion. The close of transaction allowed PACE to recognize revenue promptly. Moreover, the company bought back shares from Apollo Asia Sprint Holding Company Limited (Apollo) and Goldman Sachs Investments Holdings (Asia) Limited (Goldman) which effectively ended PACE's commitment with Apollo and Goldman. The two transactions strongly strengthened the company's financial position.



In terms of organizational restructuring, apart from the establishment of the Sustainability Development Department in the earlier year, and due to the transactions of assets in our flagship development, there was a need to review and improve internal work process and management, with changes in key management positions applied as well as redeployment of staff to be in line with the company's current businesses. Costs and work process management were also implemented in order to reduce costs and achieve maximum effectiveness from the existing number of manpower.

2018 IN REVIEW

PACE's Real Estate Development business continues to achieve their construction targets, while revenue recognition from ownership transfer also continued as planned. Apart from the recognition from the transaction of assets in MahaNakhon, we continued to recognize revenue from The Ritz - Carlton Residences, Bangkok's ownership transfers. Our Nimit Langsuan which had more than 90 percent sales, and Windshell Naradhiwas which had more than 30 sales continued to progress according to their construction timelines. Both developments' completion is expected within a similar timeframe in 2019. Meanwhile, our MahaSamutr Villas construction was fully complete in 2018 and ownership transfer had already started earlier in end of 2017.

With a vision to expand DEAN & DELUCA's brand footprint around the world, we worked on adjusting the brand's strategic direction to focus on giving franchises to partners who are efficient and have global, regional, and local networks. The company signed exclusive franchise partnership agreement with Lagardère Travel Retail to open 150 DEAN & DELUCA stores in airports, major railway stations, and major travel hubs within 5 years. The company was also in discussion with Kinghill Overseas Holding, a subsidiary of CP Group, for a major franchise agreement to expand DEAN & DELUCA brand in the Chinese markets.

We also applied the same franchise philosophy for the Thai market, especially in major tourist destinations.

Currently, there are a total of 79 DEAN & DELUCA outlets globally, including 37 franchise outlets in 11 countries. In addition, PACE directly owns 6 locations in the USA, 12 in Thailand and has a 50% stake in 24 DEAN & DELUCA café-style outlets in Japan. DEAN & DELUCA continues to open new locations worldwide, with another DEAN & DELUCA outlet to be opened at Meatpacking district in New York in early 2019.

For 2018, PACE Board of Directors also approved for an adjustment on DEAN & DELUCA's business structure and flow, continuous improvement of practices and improved performance for future business growth as well as continuously improving and maximizing management costs.

ONWARDS

For PACE's property development business, 2019 will see completion, ownership transfers, and continuous revenue recognition of NIMIT Langsuan and WINDSHELL Naradhiwas.

For Food & Beverage business, the change of strategy to focus on giving franchise to potential global partners with networks will make store expansion more rapid, with no capital investment, relatively low risk, and immediate recognition on revenue. Coupled with financial and corporate restructuring, 2019 will be a year of reaping, and we hope the future will bring satisfaction to all PACE's stakeholders.

PACE would like to thank you for your kind contribution and support and assure our commitment on strengthening long-term confidence and shared benefits.

EVENTS AND HIGHLIGHTS

PACE ANNOUNCES NEW INNOVATION FOR NIMIT LANGSUAN OFFERS RESIDENTS TRUE LUXURY LIVING

PACE announced it has incorporated one of the best innovations in drainage solutions in NIMIT Langsuan called Geberit Sovent, a patented high-efficiency water drainage solution from Switzerland, designed to optimize living space, reduce noise, minimize service, leakages, and costs for residents' living in high-rise buildings. The solution is currently used in hi-end residences and luxury hotels throughout Europe and North America. NIMIT Langsuan is the first-ever residential development in Thailand to incorporate this system. The press conference was held on September 21, 2018.



MAHASAMUTR ORGANIZES CSR ACTIVITY

MahaSamutr Country Club team together with members and Seara International (Sports Engineering & Recreation Asia Ltd.) visited Baan Noe Lae School, Chiang Mai, to donate unused clothes, sport equipments and other necessary items for underprivileged children on December 21, 2018.



DEAN & DELUCA SIGNS DEAL WITH LAGARDÈRE TRAVEL RETAIL TO EXPAND DEAN & DELUCA WORLDWIDE

As part of an aggressive strategic business direction to expand its global footprint, DEAN & DELUCA, the New York's iconic food & beverage brand, announced that it has completed a Master Franchise agreement with Lagardère Travel Retail in December 2018, to open at least 150 stores within 5 years in Lagardère Travel Retail's locations spanning 34 countries including major airports, railway stations, and travel hubs which Lagardère has networks around the world. The advantages of having franchise stores allows DEAN & DELUCA to build global brand recognition with minimal investment, relatively low risk, and a continual stream of revenue from royalty fees which can be recognized immediately. With each franchise outlet expected to pay approximately THB 4 million in annual royalty fee, the 150 outlets within 5 years will deliver up to a total of THB 600 million.

PACE also has discussed with Kinghill Overseas Holding Limited, a subsidiary of the CP Group, regarding a major franchise agreement to expand DEAN & DELUCA brand in the Chinese markets.



DEAN & DELUCA THAILAND CELEBRATES ITS 8th ANNIVERSARY

DEAN & DELUCA Thailand celebrated its 8th anniversary and 41st anniversary as a global brand under the Flashback concept. Mr. Sorapoj Techakraisri, CEO of DEAN & DELUCA Asia (Thailand) Co., Ltd. and Mr. Somsak Hongsrichinda, Managing Director of DEAN & DELUCA Asia (Thailand) Co., Ltd. joined the celebration along with well-known celebrities. The event was held on September 14, 2018



POLICY AND OVERVIEW OF BUSINESS

01 VISION, MISSION AND BUSINESS STRATEGY

Pace Development Corporation Public Company Limited (PACE) is a leader in Thai luxury property. 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 in both luxury property development and gourmet food & beverage businesses, 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.

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.

Lifestyle Businesses that Generate Recurring Income

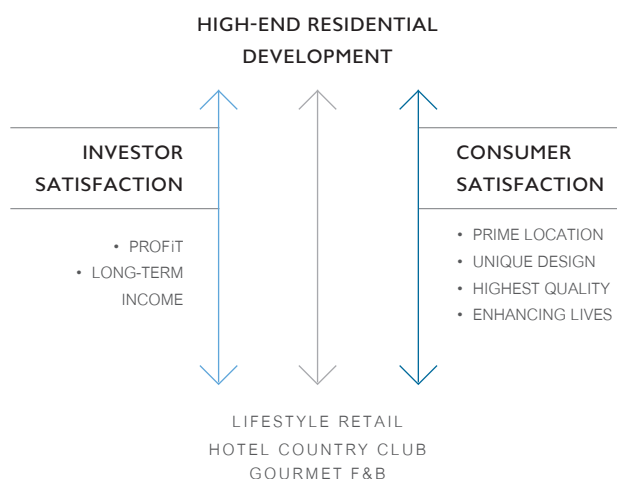
PACE integrates lifestyle elements into its property development business, not only to enhance the quality of life for residents, but also to add recurring income

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.

The gourmet F&B business arm reflects the synergy of lifestyle and property. As a property developer, the 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 enabling greater consumer insights through wider market appeal on a global level. This knowledge enhances PACE's ability to expand abroad as well as bring new trends from around the globe into the Thai real estate market.

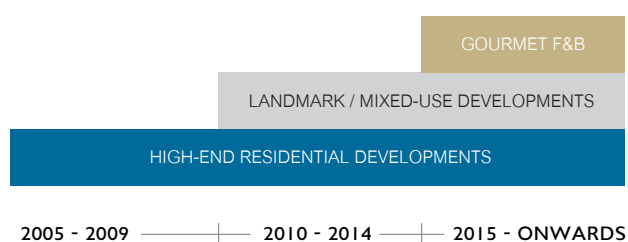
The change of strategy to turnaround the food & beverage business via the franchising model with global renowned partners shall prove to generate positive cash flow to the Company and ultimately to the shareholders in 2019 and the future.

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



02 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 U.S.A. and Thailand, and co-owner of the stores in Japan in a joint venture agreement. As of December 31st, 2018, the Company’s registered capital and paid up capital is THB 12,039 million. The Company has its head office situated at 87/2 CRC Tower, All Seasons Place, 45th Floor Unit 4, Wireless Road, Lumpini, Pathumwan, Bangkok.

The Company was founded on September 1st, 2003, under the name “Cinkara Company Limited” with fully paid capital of THB 2 million and on November 6th, 2003, Mr. Sorapoj Techakraisri purchased the shares and the Company increased its registered capital to fully paid THB 10 million 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	Founded YLP Company Limited to develop a condominium under the name “Saladaeng Residences”.
2008	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 project, and founded Pace Real Estate Company Limited (“PRE”) as a holding company to hold shares in Pace One, Pace Two and Pace Three.
2011	<p>The Company restructured the ownership portions within the group to prepare for listing in the Stock Exchange of Thailand (SET).</p> <p>The Company completed the process of converting into a public company by increasing its capital increase to THB 600 million for public offering. The Company changed the name to Pace Development Corporation Public Company Limited (PACE).</p>
2013	<p>The Company launched MahaSamutr project, a luxury mixed-use development in Hua Hin with Thailand’s first private Country Club and Villas.</p> <p>The Company is listed in the Stock Exchange of Thailand (SET) with a registered capital of THB 2,054.3 million. 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 ownership proportions (direct and indirect) of approximately 68%.</p> <p>The Company commenced construction of MahaSamutr Development, Hua Hin</p>
2014	<p>The Company bought land and successfully changed the proprietary right in MahaNakhon from leasehold to freehold.</p> <p>Founded Pace Country Club Co., Ltd. and Pace Food Retail Co., Ltd.</p> <p>Acquired DEAN & DELUCA, the world’s iconic gourmet food and beverages brand valued USD 140 million.</p>
2015	<p>Officially launched Nimit Langsuan project.</p> <p>Purchased the rest of the shares of Pace One, Pace Two, Pace Three, and PRE from IBC Thailand and IDJ Holdings Co., Ltd.</p> <p>Allocated ordinary shares for private placement totally 542.7 million shares as consideration to IBC Thailand Ltd. at the offering price of THB 3.39 per share.</p>

Year	Significant Changes within the Year
2015	<p>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.</p> <p>Increased the capital by issuing newly ordinary shares by Rights offering in an amount of not exceeding 600 million shares.</p> <p>Construction loan received from a Thailand’s Financial institution for a development of a project on Naradhiwas road with the total amount of THB 1,090 million.</p>
2016	<p>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.</p> <p>Established a joint venture company “Dean & DeLuca Café Japan Co., Ltd.”</p> <p>Founded Pace Management Co., Ltd., as subsidiary</p> <p>Commenced the construction for a new super luxury development “Nimit Langsuan” on Langsuan Road.</p> <p>Founded 2 new subsidiaries namely D&D Mount Limited and D&D Fourteen Limited.</p> <p>Received loans from Thailand’s Financial Institution for expanding DEAN & DELUCA with the total amount of THB 1,100 million.</p> <p>Allocated newly-issued ordinary shares to a specific investor (Private placement), in the amount of 176.3 million shares at THB 3.00 per share to Bell Investments Limited and Asension Trading Limited in exchange for the land in Niseko Sub-district, Hokkaido Prefecture, Japan, instead of cash payment.</p> <p>Allocated the newly-issued ordinary shares to international investors (Private placement) in the amount of 320 million shares at the offering price of THB 3.00 per share in the total amount of THB 960 million.</p> <p>Grand opening “MahaNakhon” Project under the theme of “MahaNakhon Bangkok Rising: The Night Of Lights”, officially Thailand’s tallest building at 314 meters and 77 storeys.</p> <p>Founded Dean & DeLuca Small Format Lq. LLC, a subsidiary of Dean & DeLuca Inc.</p>
2017	<p>Founded Dean & DeLuca Airport Company Limited, as subsidiary</p> <p>Received the total investment of THB 8,441.2 million 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 THB 7,783.2 million in the form of equity, and received THB 658 million in the form of loan, in relation to the development and completion of the MahaNakhon project.</p> <p>Allocated ordinary shares to existing shareholders (Rights offering) totally 7,516,056,394 shares and allocated warrant No. 1 and No. 2 of the Company, in the amount up to 1,503,211,278 units and 2,505,352,131 units respectively. Also allocated newly issued shares to specific investors (Private placement) in the amount up to 1,500,000,000 shares.</p>
2018	<p>Allocated newly-issued ordinary shares to a specific investor (Private placement), namely The Siam Commercial Bank Public Company Limited in the amount of 400,000,000 shares at the offering price of THB 0.51 per share.</p> <p>Approved the Company to Purchase shares in Pace One and Pace Three, in the proportion of 49.00 percent and 48.72 percent of the total shares of each of the companies, respectively from Apollo Asia Sprint Company Limited and Goldman Sachs Investments Holdings (Asia) Limited. The total amount of the purchase is, not exceeding, USD 320 million or, not exceeding, THB 10,000 million.</p>

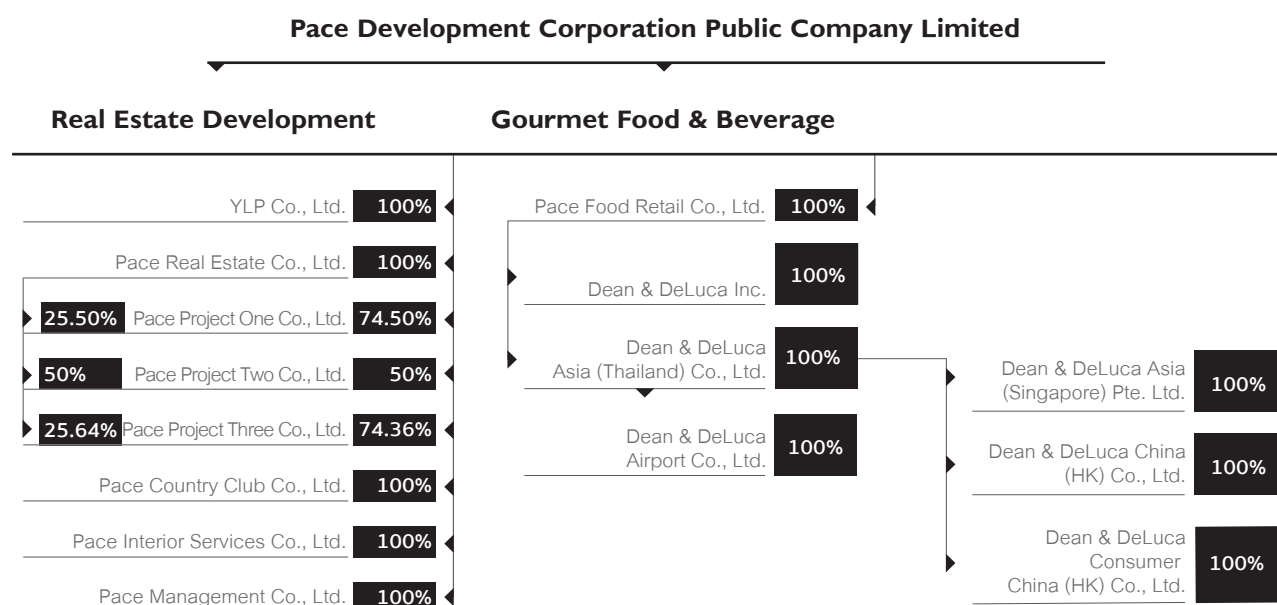
Year	Significant Changes within the Year
2018	<p>Disposed of the assets of the total value of THB 14,000 million to King Power Mahanakhon Company Limited which is not a connected person of the company. This comprises disposition of assets in Pace One and Pace Three in the amount of THB 12,800 million and business procurement compensation for seeking purchasers, negotiating with relevant parties including managing and implementing the completion of the disposal of asset in the amount of not exceeding THB 1,200 million.</p> <p>Restructured the shareholding of a subsidiary whereby Dean & Deluca Asia (Thailand) Company Limited ("DDAT"), which is a subsidiary of the Company (indirectly held 100% by the Company, acquired the shares in Dean & DeLuca Airport Company Limited ("DDAP") from other shareholders. This transaction resulted in DDAT to be a shareholder of DDAP with the proportion of 100%.</p> <p>Dissolved and liquidated PACE Creative Agency Company Limited.</p> <p>Founded 3 subsidiaries as follows :</p> <ol style="list-style-type: none"> 1. DEAN & DELUCA ASIA (SINGAPORE) PTE. LTD. in Singapore 2. Dean & DeLuca Consumer China (HK) Co., Limited in Hong Kong Special Administrative Region of the People's Republic of China 3. Dean & DeLuca China (HK) Co., Limited in Hong Kong Special Administrative Region of the People's Republic of China <p>Entered into the Framework Agreement on Franchise with Kinghill Overseas Holding Limited, which is a subsidiary of Charoen Pokphand Group with respect to DEAN & DELUCA Business in the People's Republic of China. Executed the Master Franchise Agreement with NPPG (Thailand) Public Company Limited to grant an exclusive franchise right in Thailand.</p> <p>Allocated newly-issued ordinary shares to a specific investor (Private placement), namely Asia Alpha Equity Fund 2 in the amount of 500,000,000 shares at the offering price of THB 0.58 per share.</p> <p>Approved Dean & DeLuca Asia (Thailand) Company Limited ("DDAT") to conduct the entire business transfer from Dean & DeLuca Airport Company Limited ("DDAP").</p> <p>Entered into the Agreement with Lagardère Travel Retail, a pioneering global leader in the travel retail industry including duty free shop and retail stores in airports, train stations and travel hub. The Agreement grants Lagardère the exclusive rights to act as the franchisee for opening and operational managing of DEAN & DELUCA stores in retail area in airports around the world with targeting the expansion of 150 stores in 5 years.</p>



03 OVERVIEW OF BUSINESS OF THE COMPANY AND SUBSIDIARIES

The Company was founded on September 1st, 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 February 28th, 2019, the Company has 37 subsidiaries and 1 joint venture which can be categorized into the following business lines as follows below:

THE ORGANIZATION STRUCTURE OF THE COMPANY AND SUBSIDIARIES



* Information as of 28 February 2019

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 2019	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 luxury boutique hotel	74.50+25.50 ¹⁾
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	74.36+25.64 ¹⁾
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 to support PACE businesses	100
Pace Management Co., Ltd.	Property development and management	Provide services for property development management of housing estates and condominiums	100
Pace Food Retail Co., Ltd.	Gourmet food & beverages	A holding company to hold shares in gourmet food and beverage business under brand Dean & DeLuca in U.S.A. and Thailand	100
Dean & DeLuca Asia (Thailand) Co., Ltd.	Gourmet food & beverages	Operate gourmet food and beverage business, premium supermarket under brand “Dean & DeLuca” in Thailand	100
Dean & DeLuca Inc.	Premium supermarket, and Food and Beverages	Operate premium supermarket, and provide gourmet food and beverage brand “DEAN & DELUCA” worldwide, as the owner of the store in the U.S.A.	100 ²⁾
Dean & DeLuca Airport Co., Ltd.	Gourmet food & beverages	Operate gourmet food and beverage business, premium supermarket under brand “Dean & DeLuca” in airports	100 ³⁾

Remark: ¹⁾ Proportion of share held (Indirect) by Pace Real Estate Co., Ltd.

²⁾ Dean & DeLuca Inc., (Registered in the U.S.) shares held (indirect) by Pace Food Retail Co, Ltd. with the proportion of 100% in 2018 which is the same type of business namely 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 Cafes 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., Inc., Dean & DeLuca Small Format, LLC, Dean & DeLuca Small Format, Lq. LLC, Dean & DeLuca Fourteen Ltd., Dean & DeLuca Mount Ltd., Dean & DeLuca Consumer Brands Inc., and Dean & DeLuca Café Japan Co., Ltd. (joint venture).

³⁾ Dean & DeLuca Airport Co., Ltd. shares held (indirect) by Dean & DeLuca Asia (Thailand) Co., Ltd. with the proportion of 100%.

As of December 31st, 2018, the Company and its subsidiaries have developed real estate projects that are currently under construction and in selling process totaling 3 projects, (1) MahaSamutr, (2) Nimit Langsuan, and (3) Windshell Naradhiwas projects.

In addition, the Company operates the world’s iconic gourmet food and beverage brand called “DEAN & DELUCA”. As of December 31st, 2018, the Company owns 6 stores in the U.S.A., 12 stores in Thailand, and owns 24 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 37 stores outside the U.S.A namely in Japan (market format), Singapore, South Korea, Philippines, Kuwait, United Arab Emirates (UAE), Hawaii (U.S.A.), Macao, Bahrain, Hong Kong and Malaysia.

04 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.

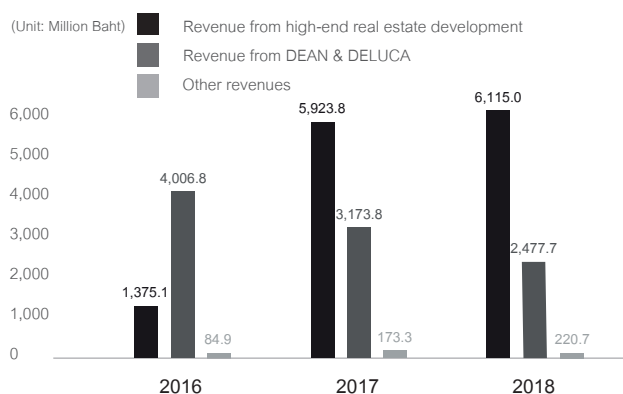
OPERATION OF BUSINESS

01 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:

Business	Operated by	% of the Company's Shareholders	2016		2017		2018	
			Revenue	%	Revenue	%	Revenue	%
Revenue from High-end Real Estate Development	The Company and Subsidiaries	100	1,375.1	25.1	5,923.8	63.9	6,115.0	69.4
Revenue from DEAN & DELUCA	Subsidiaries	100	4,006.8	73.3	3,173.8	34.2	2,477.7	28.1
Other Revenues	The Company and Subsidiaries	100	84.9	1.6	173.3	1.9	220.7	2.5
Total Revenues			5,466.8	100.0	9,270.9	100.0	8,813.4	100.0

REVENUE STRUCTURE OF THE COMPANY (3 YEARS)



In 2018, 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 6,115.0 million Baht, or an increase of 3% as compared with the revenue from sales and transfer of residential condominium units in 2017 of 5,923.8 million Baht. The significant increase was mainly due to the ability to continually transfer The Ritz-Carlton Residences, Bangkok in which has begun since the second quarter of 2016. A total amount of 4,527.5 million Baht has been recognized in the second quarter of 2018 or 74% of the total revenue from high end real estate development in 2018.

The revenue from the Food and Beverage business "DEAN & DELUCA" is 2,477.7 million Baht, which decreased 22.0% as compared with the year 2017, which had recorded a revenue of 3,173.8 million Baht. This was mainly due to a reduction of four stores from a total of ten stores, all of which are owned by the Company.

In 2018, other income an increase of 47.4 million Baht or 27% as compared to the year 2017 amount of 173 million. This is from an increase in interest income of due to the reversal of allowance for doubtful account of interest receivable to recognize as interest income in this year.

The Company and its subsidiaries had 3 completed developments: Ficus Lane project, Saladaeng Residences project and MahaNakhon project. As of December 31st, 2018, the Company and its subsidiaries has 3 on-going developments: 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
Completed Projects							
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
3. MahaNakhon *: The Ritz-Carlton Residences, Bangkok	Naradhiwas-Rajanakarin Road	Mixed-use Super luxury residences	209 residences	47,725.44	15,000	99 **	2011 - 2018
Developing Projects							
1. 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)
1.1 Luxury Villa		Luxury resort-style villas	80 villas	-	4,000	16 **	2013 - 2018
1.2 Country Club		Luxurious country club	-	-	-	-	2013 - 2019
2. Nimit Langsuan	Langsuan Road	Super luxury condominium	176 residences	25,325	8,000	94 **	2016 - 2019
3. Windshell Naradhiwas	Naradhiwas-Rajanakarin Road	High-rise residence	36 residences	18,538	3,000	27 **	2016 - 2019

Remark: * The Mahanakhon project is completed in 2018 and the residences are to be completely transferred in 2019

** % 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.

The target audience for gourmet food and beverage business under DEAN & DELUCA brand are quality conscious consumers wanting premium gourmet food and beverages as well as a fine range of specialty items including artisanal packaged foods, confectionery, culinary ingredients, homeware products and kitchen utensils. DEAN & DELUCA is operated by the Company under 6 subsidiaries, and 1 joint venture company:

Subsidiaries	By	Type of Business	Started Since
1. Dean & DeLuca Inc. (U.S.A.)	Company	Premium supermarket and gourmet food and beverage in the U.S.A.	December, 2014 (since acquired)
2. Dean & DeLuca Asia (Thailand) Co., Ltd.	Company	Gourmet food and beverage restaurant/ café including premium gourmet market in Thailand including 2 stores in Suvarnabhumi Airport	April, 2015 (since acquired) January & August, 2017 for Suvarnabhumi Airport
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 by Dean & DeLuca (Thailand) Co., Ltd. (100%)	In the process of liquidation with the Revenue Department after entire business transfer to Dean & DeLuca Asia (Thailand) Co., Ltd.	January, 2017 (since registered a subsidiary)
5. DEAN & DELUCA ASIA (SINGAPORE) PTE. LTD.	Dean & DeLuca Asia (Thailand) Co., Ltd.	Hold Asia and Pacific master franchise license	August, 2018
6. Dean & DeLuca China (HK) Co., Limited	Dean & DeLuca Asia (Thailand) Co., Ltd.	A franchise business holding the master franchise of market and cafes in China	August, 2018
7. Dean & DeLuca Consumer China (HK) Co., Limited	Dean & DeLuca Asia (Thailand) Co., Ltd.	A franchise business holding the franchise of consumer products in China	August, 2018



SUMMARY OF DEAN & DELUCA STORE IN THAILAND IN 2018

Location	Type of Store	Store Size (sq.m.)	Established	Number of Seat
MAHANAKHON CUBE (Previously as MAHANAKHON SALE GALLERY)	Flagship Restaurant – Café and Market.	969	2010	140
PARK VENTURE	Café	156	2011	72
SATHORN SQUARE	Café	79	2011	32
CENTRAL EMBASSY	Restaurant – Café	290	2014	74
EMQUARTIER	Restaurant – Café	231	2015	66
THE CRYSTAL	Restaurant – Café	236	2015	78
ALL SEASONS PLACE	Café	92	2016	37
FYI BUILDING	Café	84	2016	24
SUARNABHUMI AIRPORT 1	Café with Pizza	178	2017	90
SILOM SOI 1	Café with Pizza	290	2017	89
SUARNABHUMI AIRPORT 2	Café	78	2017	33
KHAO YAI	Pop up Food Truck	120	2017	100

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

FICUS LANE

Details of the Project (As of December 31st, 2018)

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%



FICUS LANE
Condominium

SALADAENG RESIDENCES

Details of the Project (As of December 31st, 2018)

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%



SALADAENG
RESIDENCES

MAHANAKHON PROJECTDetails of the Project (As of December 31st, 2018)**RESIDENCES**

“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:

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. 47,725.44
Average sales price / sq.m.	Approx. 303,996 Baht / sq.m.
Project details	The Ritz-Carlton Residences, Bangkok (23 – 73/F) • A super-luxury residential development under an internationally recognizable brand • Residents enjoy the legendary service of The Ladies and Gentlemen of The Ritz-Carlton
No. of unit	209 residences
Project value for sale	Approx. 15,000 million Baht
Year of completion	2011 - 2018
Recognizable portion	High purchasing power group including Thai and foreign investors



**THE RITZ-CARLTON
RESIDENCES**

BANGKOK

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

MAHASAMUTR PROJECT

Details of the Project (As of December 31st, 2018)

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 st , 2018)	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.




MAHASAMUTR
 COUNTRY CLUB | LUXURY VILLAS
 HUA HIN

NIMIT LANGSUAN PROJECT

Details of the Project (As of December 31st, 2018)

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, to create a timeless and elegant architectural statement. NIMIT Langsuan features homes, ranging from 77 - 640 square meters and offering two - four bedroom layouts, with views overlooking Lumpini Park, Royal Bangkok Sports Club, Langsuan Village and Chidlom. Residents enjoy a wide range of facilities with the lush garden entrance providing a unique greeting upon arrival.

Location	Langsuan Road
Project area	Approx. 2 Rai 2 Ngan 40.2 sq. w.
Sales area	Approx. 25,325 sq.m.
Sales price	Approx. 320,000 Baht / sq.m.
Project details	A super luxury residential building with 54 floors, not exceeding 176 residences
Project value for sale	Approx. 8,000 million Baht
Construction period	2016 - 2019
Sales period	<ul style="list-style-type: none"> • Lush Garden - Ground floor • Amenities 10th floor • Parking 100%
Progress on construction (as of December 31 st , 2018)	The core structure reached Level 41 and façade installation progresses as planned



NIMIT
LANGSUAN

WINDSHELL NARADHIWAS PROJECT

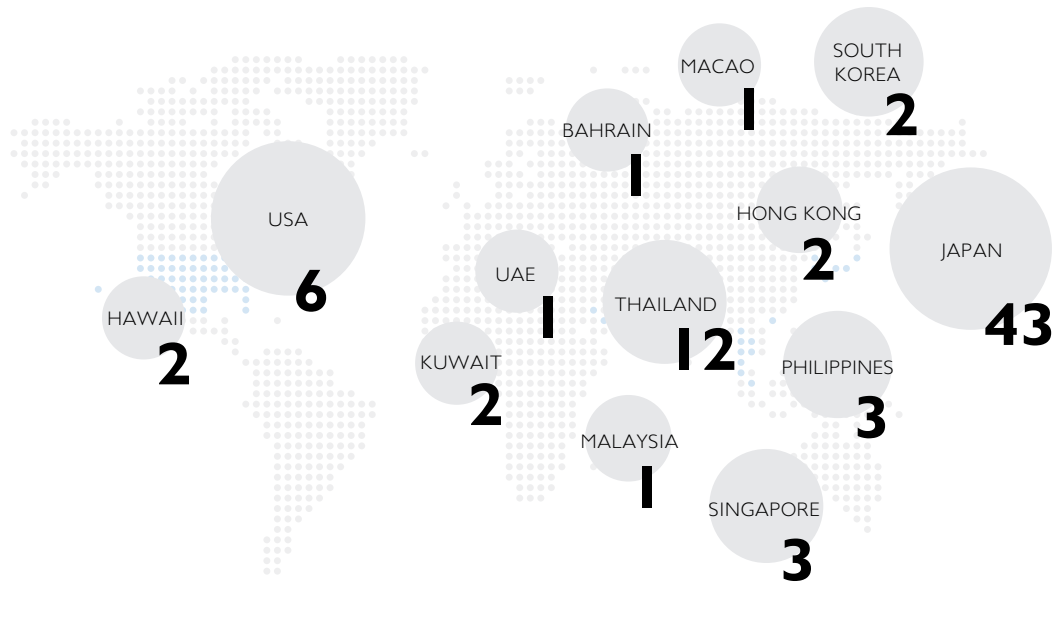
Details of the Project (As of December 31st, 2018)

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.
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 sq.m.
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 st , 2018)	The column and sheer wall at Level 28 is on process.

WINDSHELL NARADHIWAS

THE MAP BELOW SHOWS THE LOCATIONS OF DEAN & DELUCA STORES WORLDWIDE



As of December 31st, 2018, the Company owns 6 stores in the United States 12 stores in Thailand, and owns 24 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 37 stores outside the US namely in Japan (market format), Singapore, South Korea, Philippines, Kuwait, United Arab Emirates (UAE), Hawaii (United States), Macao, Bahrain, Hong Kong and Malaysia. As at the year end 2018 the total number of DEAN & DELUCA stores worldwide is 79. 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.

02 **MARKETING AND COMPETITION**

I. Competitive Strategy and Product Distribution

Real Estate Development Business

PACE and its subsidiaries focus on high-end residential development 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.

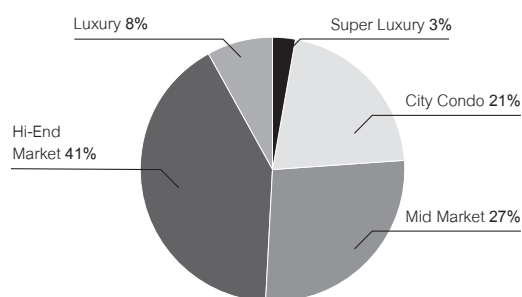
2. Market Conditions and Competition

Real Estate Development Business

According to Nexus Property Marketing research, condominium market continued to grow in 2018 which the number of new condominium supply were 60,900 units from 138 projects. Top 3 locations where the highest number of condominium supply increases are: 1) Phayathai, Ratchadaphisek and Phaholyothin with 21,100 units or 35%; 2) Phra Khanong and Suan Luang with 13,500 units or 22%; 3) Thon Buri - Petchakasem with 8,500 units or 14%. The new supplies in these 3 locations accounted for 65-70% of the total number of new condominiums launched in Bangkok for the past 5 years. Reasons are these locations are near BTS Skytrain stations and there are still available lands to buy for developing new projects.

41% of the new condominium supply derives from high-end segment with average price from 110,000 to 190,000 baht per sq.m., 27% from middle segment with average price from 75,000 – 110,000 baht per sq.m. and 21% from city condominium segment with average price lower than 75,000 baht. The reason that selling price was not relevant to citizens income was because the land price had increased, therefore, property developers needed to develop higher price projects.

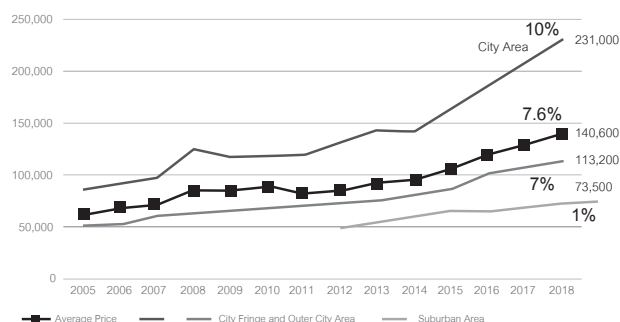
CLASSIFICATION OF CONDOMINIUM BY SEGMENT



Source: Nexus Research, December 2018

In 2018, average selling price of condominium in Bangkok rose 7.6%. Price of condominium in CBD increased 10% with average price of 231,000 baht per sq.m. And price of condominium in outer city area increased 7% with average price of 113,200 baht per sq.m. While price of condominium in suburban area rose only 1% or approximately 73,500 baht per sq.m.

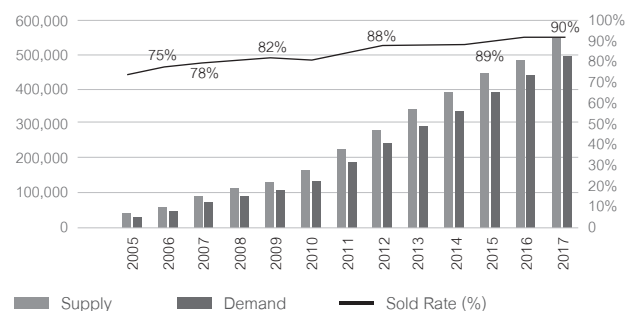
AVERAGE PRICE PER SQUARE METER OF BANGKOK CONDOMINIUM



Source: Nexus Research, December 2018

Overall demand in 2018 continued growing. Condominium sales in market totaled 52,000 units which 31,800 units sold were from new condominium launched in 2018 and 20,300 units sold were from condominium launched before 2018. A total condominium sales rate in the market stood at 90%.

CUMULATIVE DEMAND, SUPPLY AND SOLD RATE OF CONDOMINIUM IN BANGKOK



Source: Nexus Research, December 2018

Super-luxury Condominium Market Overview

Due to market demand, super-luxury and luxury condominium markets continued to grow. The first factor was investors foresee potential in investment as condominium price increased approximately 10-12% per year and rental fee at 3% per year. The next factor was the outstanding design and quality of each development that attract customers. The last factor was the change of people lifestyle, customers now prefer to live in the city and luxury condominiums could fulfill this need. Estimated sales of city center condominiums and outer area was approximately 70%.

Also, supplies of super-luxury and luxury condominiums had not been very high. There were only 10% of the new condominiums from these segments from total newly launched housing developments and condominiums each year.

Location was still the most important factor for luxury properties purchasing decision. And customers prefer to choose prime location condominium rather than single house project since single house usually located in the alley while condominiums located next to main street, shopping malls and BTS Skytrain.

Source: An interview of Khun Aliwassa Pathnadabutr - Managing Director of CBRE (Thailand) Company Limited / Luxury property in Thailand analysis, Forbes Life Thailand Special Edition, November 2018.

Land Pricing Analysis

According to Agency for Real Estate Affairs, the average land price in greater Bangkok rose 5.3% in 2018. This resulted from an expansion of BTS Skytrain in Bangkok Metropolitan Region. Land prices along Skytrain increased by 7-10%. While the most expensive locations are Siam Square, Chidlom, Ploenchit, Nana and Asoke, with an average price of 2.2 million baht per sq.w., rose by 10 – 12.8%, followed by Wireless Road area with average price of 2 million baht per sq.w., increased 25% and Silom area with average price of 1.85 million baht per sq.w., increased by 8.8%.

Overall, land prices in Bangkok Metropolitan Area are likely to increase continuously, especially the city center and BTS Skytrain areas.

Ranking	Zone	Price (baht / sq.w.)	(%) (yoy)
1	Siam Square	2,200,000	10%
2	Sukhumvit, Time Square	2,200,000	12.8%
3	Wireless Road	2,000,000	25%
4	Silom	1,850,000	8.8%
5	Sukhumvit 21, Asoke	1,650,000	17.9%
6	Sathon	1,650,000	10%
7	Yaowarat	1,300,000	4%
8	Sukhumvit, Ekamai	1,100,000	10%
9	Phahon Yothin	1,000,000	17.6%
10	Phaya Thai	950,000	5.6%

Source: Agency for Real Estate Affairs, May 2018

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 61 store locations from the total of 79 stores worldwide. 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, partnerships with key 3rd 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 also uses extensive digital marketing platforms including websites and social media applications - Facebook, Instagram, YouTube and e-newsletter - to share relevant information quickly at low cost to clients in Thailand and around the globe. The communication objective is to maintain strong relationships with existing clients, to create cross-sell and repeat purchase opportunities with each new development. Apart from real estate business, the Company also provides



03 SUPPLY OF PRODUCTS OR SERVICES

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

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

04 UNDELIVERED UNITS

As of December 31st, 2018

Project Name	Project Type	Land Size	Total Residences	% Completion	Undelivered Sold or Leased Units		Sales Period	Construction Period	Transfer of Ownership or Lease Starts From:
					Number (Unit)	Value (MB)			
MahaNakhon	Mixed-use project consisting of residential condominium, hotel, and lifestyle retail center	9 Rai 1 Ngan 51.1 sq.w	Residential condo 209 residences	100	14	1,174.1	2009 - 2019	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	100	8	403.6	2015 - 2019	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	89	166	6,914.1	2015 - 2019	2016 – 2019	From 2019 onwards
Windshell Naradhiwas	A super luxury residential freehold development	2 Rai 87.4 sq.w	36 residences	64	10	792	2017 - 2019	2016 – 2019	From 2019 onwards

RISK FACTORS

Risk management is integrated in a role of 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, and food & beverage businesses. 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.

01 STRATEGIC

Property Business:

Market volatility, political instability, increased competition together with tighter regulations on mortgage lending in the property 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 operators differentiate our presence to competitors. With greater competition in the luxury property development sector and challenging economic situation witnessed as well as tighter regulation imposed by the Bank of Thailand in 2018. The property development business carries out at the highest level of effort with the most careful manner to mitigate all possible risks.

Food & Beverage Business:

The Company aims 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.

02 OPERATIONAL

Property 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 long-term relationships with reputable contractors and suppliers. In 2018, the company has reduced the size of staffs by 66 positions or by 40% from the previous year after the disposition of the assets. The scale down in number of employee levels with the downsize in business activities of the company. Moreover, the Corporate restructuring continues in 2019 for the changing business operations and activities.

Food & Beverage Business:

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.

03

FINANCIAL

Ability to Repay Debt

In 2018, investor confidence in the market for short and long-term debt instruments was affected by the risk of various companies' inability to meet covenants. In mitigating the risk and gaining back investor confidence PACE has undertaken the followings

- In the first quarter of 2018 PACE has allocated ordinary shares for rights offering (RO) to the existing shareholders as well as allocated ordinary shares for private placement (PP) proportionate to their respective shareholding (Rights offering) in the amount of THB 3,894 million to repay the company short term bonds and corporate bond to financial institutions.
- In the second quarter of 2018, PACE has disposed of the assets in Pace Project One Company Limited and Pace Project Three Company Limited of the total value of THB 14,000 million and repurchased shares in those two companies from Apollo Asia Sprint Company Limited and Goldman Sachs Investments Holdings (Asia) Limited. The total amount of the purchase is, not exceeding, USD 320 million or, not exceeding, THB 10,000 million. The excess amount have been used for debt repayment and used as working capital to the company.
- In the second quarter of 2018, Pace Project Two Company Limited, a subsidiary of PACE, has disposed a total of 51 residences at The Ritz-Carlton residences Bangkok to two buyers with total value of THB 3,972 million for debt repayment and for company working capital.

Though the debt repayments in 2018 the company has managed to substantially reduce its debt position. PACE is also in the process of completing the construction of Nimit Langsuan, Windshell Naradhiwas, as well as MahaSamutr Country Club. The total value of PACE's projects exceeds the total debt and thus mitigates the company's financial risks.

Ability to Pay Dividend

The Company is in the process of developing large real estate projects such as MahaSamutr, Nimit Langsuan, and Windshell Naradhiwas, with the total value of approximately THB 16,000 million. The revenue recognition MahaSamutr villas began in late 2016-2017 and effected to complete in 2019 so do the two property development projects. The remaining two projects are expected to be completed in 2019, which may result in showing a net loss and inability to pay dividend. The company is ambitious to turnaround the business. By doing so it has begun its financial and operation restructuring in 2018. The restructure plan continues in 2019 and is expected to be profitable and pay out dividend based on retained earnings.

04

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 total 42.70% 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, consisting 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.

05 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

01 OPINIONS OF BOARD OF DIRECTORS AND AUDIT COMMITTEE

In Board of Director's Meeting Ref. 4/2019 on February 28, 2019. The Board of Directors assesses the internal control system from, the report on the assessment of the sufficiency of Internal Control System 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 the existing internal control system is appropriate and sufficient to ensure compliance of the Company's operations with the required target, objective, legal requirements and relevant regulations effectively, so as to protect Company's assets from being misused. It provides a reasonable assurance that financial statements are reliable and correctly prepared. The summary of the assessment is as follows:

1. Control Environment

The Company arranges environment and organizational structure that facilitates internal control system to be executed according to the Company's expectation. 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 Assessment

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

The Company has internal control management's actions and appropriateness with risk and business types in order to achieve the organization's goals by setting up the organization structure and clearly dividing duties and responsibilities of each position in order to work properly, flexibly, and consistently with changing business situations. Moreover, the Company imposes policies to have transactions with parties involved in the Company. In the case of a transaction with major shareholders, directors, executives, and their relating parties, the Company will strictly follow the approval regulation with the Company's interest as the ultimate consideration and as if the transaction was being done with other unrelated parties.

4. Information & Communication

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. In addition, Management and staff at all levels are cautious in using information. As stated in the Code of Conduct. The policy of



information and information security is strictly enforced. And the company. Assign the Information Technology Department to be the administrator of the effective computer system security. Prepare emergency plans for information systems to prevent data loss. Under the policy of security of information and information of the company. The accounting records comply with the accounting policies generally accepted by the Company and the nature of the business. The auditor did not report any deficiencies in the accounting records.

5. Monitoring Activities

The Company has the meeting of the Board of Directors (BOD) every month. For Consider and monitor the performance of the management team to Achieve the Target. The Board of Directors assigns the Audit Committee to audit and monitor the internal control system by nominating internal auditors to monitor and assess work performance. Moreover, The Audit Committee considered and approved The annual internal audit plan and reviews identified issues with the Internal Audit Department every quarter. And The Audit Committee shall remark comment / suggestion to the Company for more effective work process improvement and correction.

02 HEAD OF INTERNAL AUDITS AND HEAD OF COMPLIANCE

Head of Internal Audit

Ms. Montakan Teannetinun

Vice President, Internal Audit Department

Head of Compliance

Ms. Duangkamol Ingkapattanakul

Vice President, Legal & Compliance Department



SECURITY AND SHAREHOLDER INFORMATION

1. THE COMPANY'S SECURITIES

As of 31 December 2018, 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 12,038,690,872 Baht, comprising of 12,038,690,872 shares, with the par value of 1 Baht and the warrants to purchase the newly-issued ordinary shares No.2 of 2,460,220,171 units.

2. SHAREHOLDERS

The list of the Company's shareholders and their respective share portions as recorded in the shareholder register book as of 28 December 2018 are shown below:

Shareholder's name	Number of shares	%
Group of Techakraisri's Family		
1. Mr. Sorapoj Techakraisri	4,683,522,096	38.90
2. Mrs. Yupa Techakraisri	349,763,607	2.91
3. Mr. Sumate Techakraisri	106,572,446	0.89
4. Mr. Chotipol Techakraisri ¹⁾	245,084	0.00
Total Shares Owned by Group of Techakraisri's Family	5,140,103,233	42.70
5. Mr. Wiwat Kraipisitkul	832,974,012	6.92
6. UOB KAY HIAN PRIVATE LIMITED	500,000,000	4.15
7. Mr. Korsak Chairassameesak	442,570,000	3.68
8. OCEANWIDE SECURITIES COMPANY LIMITED - ACCOUNT CLIENT	376,504,500	3.13
9. The Siam Commercial Bank Public Company Limited	369,962,200	3.07
10. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH	323,800,000	2.69
11. Mr. Jirawut Kuwanan	302,408,300	2.51
12. Mr. Wichai Vachirapong	288,204,100	2.39
13. Thai NVDR Co., Ltd.	269,179,418	2.24
14. Mrs. Jarunee Chinwongvorakul	157,129,200	1.30
15. Mr. Varit Bulakul	123,000,100	1.02
16. Others	2,912,855,809	24.20
Total	12,038,690,872	100.00

Note: ¹⁾ Including shareholding of spouse.



SMALL
CAPTION

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

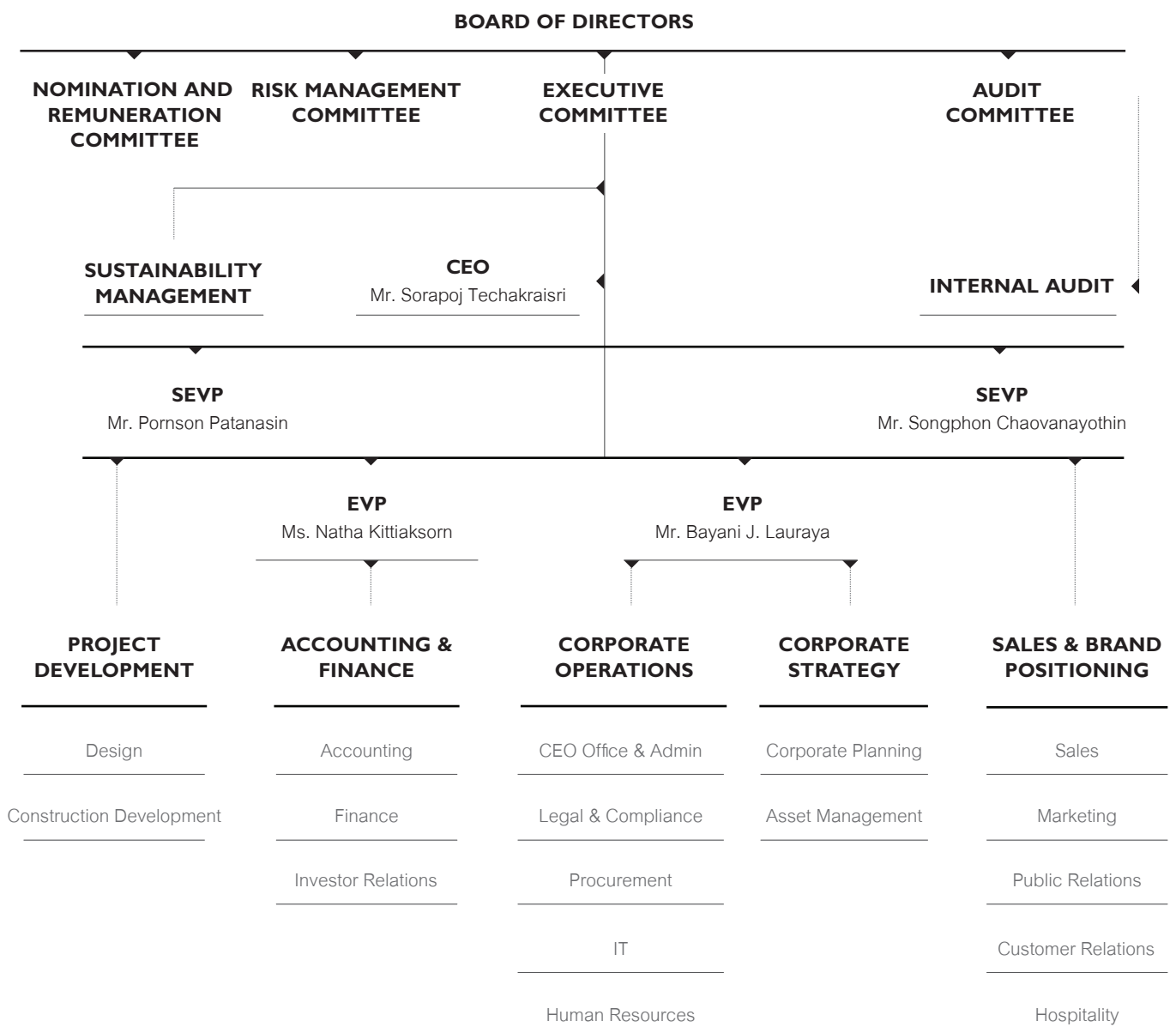
For a subsidiary in which PACE holds 100% of its shares, such subsidiary maintains a policy to pay dividend of no less than 40% of its net profit after corporate tax and legal reserves, provided that such dividend payout does not significantly affect its normal course of operation. The dividend payment 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 Two, PCC, PFR, and PRE cannot pay dividends to their shareholders unless the loans from financial institutions, loans from shareholders, and the interests borne from the aforesaid loans are entirely paid off.



MANAGEMENT STRUCTURE

ORGANIZATION CHART



01 BOARD OF DIRECTORS

As of 31 December 2018, the Company's Board of Directors consists of 9 members as follows:

	Name	Position	Number of Meeting	Number of Meeting Attended
1.	Mr. Kraithip Krairiksh	Chairman of the Board and Independent Director	20	20
2.	Mr. Chotipol Techakraisri	Vice Chairman of the Board	20	20
3.	Mr. Sorapoj Techakraisri	Director	20	20
4.	Mr. Chumpol Techakraisri	Director	20	20
5.	Mr. Pornson Patanasin	Director	20	20
6.	Mrs. Ladda Siri wattanakosol	Director, Chairman of Audit Committee, and Independent Director	20	19
7.	Mr. Prasert Patradhikol	Director, Member of Audit Committee, and Independent Director	20	20
8.	Mr. Wisit Kanjanopas	Director, Member of Audit Committee, and Independent Director	20	19
9.	Mrs. Kittiya Todhanakasem*	Director and Independent Director	6	6

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

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

Company Secretary is Ms. Duangkamol Ingkapattanakul.

* Has been appointed to be director and independent director effective from 18 June 2018 onwards.

02 MANAGEMENT

As of 31 December 2018, the Company's management team consists of 5 members as the followings:

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

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

03 COMPANY SECRETARY

The Board of Directors' Meeting No. 4/2019, held on 28 February 2019, appointed Ms. Duangkamol Ingkapattanakul 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.

04 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.

I. 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

2018						
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	20/20	-	-	-	480,000
2.	Mr. Chotipol Techakraisri	20/20	-	2/2	2/2	412,000
3.	Mr. Sorapoj Techakraisri	20/20	-	2/2	2/2	404,000
4.	Mr. Chumpol Techakraisri	20/20	-	-	-	380,000
5.	Mr. Pornson Patanasin	20/20	-	-	-	380,000
6.	Mrs. Ladda Siri Wattanakosol	19/20	7/7	2/2	2/2	458,000
7.	Mr. Prasert Patradhilok	20/20	6/7	2/2	2/2	460,000
8.	Mr. Wisit Kanjanopas	19/20	7/7	2/2	2/2	458,000
9.	Mrs. Kittiya Todhanakasem ¹⁾	6/6	-	-	-	156,428.57
10.	Mr. Theera Vayakornvichitre ²⁾	10/13	-	-	-	183,571.43

Note: ¹⁾ Has been appointed to be director and independent director effective from 18 June 2018 onwards.

²⁾ Resigned from director effective from 18 June 2018 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 2017 and 2018, the Company provided compensation to its executives in the form of salary, bonus, and other compensation for 6* executives in the amount of 46.6 million Baht and 44.5 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.

* Mr. Sayarm Tongkrabin held the executive position during 1 January 2018 to 1 September 2018.

05 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 31 December 2018, the Company had total employees of 101 people, and paid the compensations with the total amount of 242.3 million Baht of which consists of salary, the cost of living allowance, bonus, social security funds, provident funds, and etc.

NUMBER OF EMPLOYEES AND COMPENSATION

	Company	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	
2018	PACE Development Corporation PLC.	PACE Country Club Co., Ltd.	PACE Interior Services Co., Ltd.	DEAN & DELUCA Asia (Thailand) Co., Ltd.	DEAN & DELUCA INC.	YLP Co., Ltd.	Total
Operation Employee (person)	91	35	173	315	1,166	9	1,789
Executive Management (person)	10	3	2	7	9	1	32
Total (person)	101	38	175	322	1,175	10	1,821
Total of Compensation (million Baht)	242.3	22.3	42.2	119.1	757.1*	12.7	1,195.7

Remark: * USD 23,214,699 The exchange rate of a commercial bank as of December 28th, 2018

NUMBER OF EMPLOYEES IN EACH FUNCTION

Functional Line	Unit: Person 31 Dec 2018
Executives of the Company and Its Subsidiaries	6
Accounting - Finance	19
Public Relations - Marketing	2
Sales	4
Legal	6
Design - Construction	14
Technical Management	2
Administration	19
Procurement	3
Internal Audit	3
Human Resources	1
CEO Office	10
Property Management	2
Hospitality Development	6
Compliance	1
Investor Relations	1
Corporate Strategy	2
Total	101

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 2018 are shown below:

Type of Compensation in 2018	Million Baht
Salary, bonus, and other	235
Contribution to provident funds *	7.3
Total	242.3

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 Meeting No. 2/2012 held on March 28th, 2012, reviewed the Company's human resource development plan and human resource management policy, and approved the said human resource management policy and the rules and guidelines for human resource development. In the policy part, the Company viewed that employees are valuable resources; therefore, it is determined to maintain and improve its employees continually and systematically

to enhance their potentials, to lift their working spirits, to encourage employee unity, and to create the sense of pride as a part of the Company. The Company's human resource management policy can be summarized as follows:

- Select and hire candidates that are knowledgeable, skillful, accountable, and ethical to join the Company
- Develop its human resources to have 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 EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY



01 MR. KRAITHIP KRAIRIKSH

Chairman of the Board / Independent Director

AGE 65

Starting Date of Directorship
14 November 2013

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)

Shareholding Proportion¹ (%)

-

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 / Independent Director	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 Chaiphaphum 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)

02 MR. CHOTIPOL TECHAKRAISRI

Vice Chairman of the Board / Authorized Director

AGE 42

Starting Date of Directorship
19 September 2011

Educational Background

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

Shareholding Proportion ¹ (%)

0.00 (by spouse 245,084 shares)

Relationship Between the Executive

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

-

Current Position in Non-Listed Companies

2016 - Present	Director	Pace Management Company Limited (Property development)
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 Asia (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)

03 MR. SORAPOJ TECHAKRAISRI

Starting Date of Directorship
19 September 2011

Educational Background

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

Shareholding Proportion¹ (%)
38.90 (by himself 4,683,522,096 shares)

Relationship Between the Executive

Brother of Mr. Chotipol Techakraisri, Mr. Chumpol Techakraisri and cousin of Mr. Songphon Chaovanayothin

Chief Executive Officer / Authorized Director

AGE 41

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

-

Current Position in Non - Listed Companies

2016 - Present	Director	Pace Management Company Limited (Property development)
2015 - Present	Director	MahaNakhon Bespoke Tailoring Company Limited (Tailoring)
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 Asia (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)
2001 - Present	Director	Chadsan Phansuan Company Limited (Property development)

04

**MR. CHUMPOL
TECHAKRAISRI**

Authorized Director

AGE 39

Starting Date of Directorship
19 September 2011

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

Shareholding Proportion¹ (%)

-

Relationship Between the Executive

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	Dean & Deluca Asia (Thailand) Company Limited (Gourmet food and beverages)
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)

05

**MRS. LADDA
SIRIWATTANAKOSOL**

Independent Director / Chairman of Audit Committee /
Expert on Financial Accounting

AGE 62

Starting Date of Directorship
19 September 2011

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

Shareholding Proportion¹ (%)

-

Relationship Between the Executive

-

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

-

06 MR. PRASERT PATRADHILOK

Starting Date of Directorship
19 September 2011

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

Shareholding Proportion¹ (%)

-

Relationship Between the Executive

-

Independent Director / Audit Committee /
Expert on Financial Accounting

AGE 62

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)

Current Position in Listed Companies

2018 - Present	Advisor	Panjawattana Plastic Public Company Limited (Producer and a supplier of plastic containers)
2015 - Present	Independent Director / Chairman of Audit Committee	Wave Entertainment Public Company Limited (Media & Publishing)
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

2018 - Present	Director	Teka Construction Company Limited (Construction)
2015 - Present	Director	Advisory Plus 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)

07 MR. WISIT KANJANOPAS

Starting Date of Directorship
7 November 2017

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

Shareholding Proportion¹ (%)

-

Relationship Between the Executive

-

Independent Director / Audit Committee

AGE 56

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)

Current Position in Listed Companies

-

Current Position in Non-Listed Companies

2009 - Present	Attorney at Law and Counsel	W&S International Law Office, Bangkok (Legal consultant)
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08 MRS. KITTIYA TODHANAKASEM

Starting Date of Directorship

18 June 2018

Educational Background

- Master's Degree in Business Administration, University of Illinois, USA
- Bachelor's Degree in Accounts (Honor), Thammasat University
- Director Accreditation Program (DAP) Class 45/2005
- Director Certification Program (DCP) Class 76/2006
- Role of the Nomination and Governance Committee (RNG) Class 4/2013
- Role of the Chairman Program (RCP) Class 36/2015

Shareholding Proportion ¹ (%)

-

Relationship Between the Executive

-

Independent Director

AGE 61

WORK EXPERIENCE IN THE PAST 5 YEARS

Duration	Position	Name of Organization/Company (Business Type)
2018 - Present	Independent Director	Pace Development Corporation Public Company Limited (Property development)
2016 - 2018	Chief Financial Officer and Senior Executive Vice President	The Siam Commercial Bank Public Company Limited (Bank)
1997 - 2016	Senior Executive Vice President and Managing Director at Financial Management Group	Krung Thai Bank Public Company Limited (Bank)

Current Position in Listed Companies

-

Current Position in Non - Listed Companies

2018 - Present	Chairman and Chairman of the Risk Management Committee	SCB Asset Management Company Limited (Asset management)
2018 - Present	Chairman	SCB Abacus Company Limited (Research and experimental development and other technologies)

09 MR. PORNSON PATANASIN

Starting Date of Directorship

19 September 2011

Educational Background

- Bachelor's Degree in Business Administration, Assumption University
- Director Accreditation Program (DAP), class 91/2011
- Director Certification Program (DCP), class 192/2014

Shareholding Proportion ¹ (%)

-

Relationship Between the Executive

-

Director / Senior Executive Vice President

AGE 58

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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10 MR. THEERA VAYAKORNVICHITRE

Executive Director

AGE 41

Educational Background

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

Shareholding Proportion ¹ (%)

-

Relationship Between the Executive

-

WORK EXPERIENCE IN THE PAST 5 YEARS

Duration	Position	Name of Organization/Company (Business Type)
2011 - Present	Executive 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. SONGPHON CHAOVANAYOTHIN

Senior Executive Vice President / CRM

AGE 44

Educational Background

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

Shareholding Proportion ¹ (%)

-

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)

MS. NATHA KITTIKASORN

Executive Vice President / Chief Financial Officer

AGE 50

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 ¹ (%)

-

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)

MR. BAYANI J. LAURAYA

Executive Vice President / Chief Operating Officer

AGE 55

Educational Background

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

Shareholding Proportion ¹ (%)

-

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: ¹ Including shareholding of spouse and minor children.

CHANGES IN PACE SHARES HELD BY DIRECTORS AND MANAGEMENT IN 2018

No.	Name	Position	Shareholding		Increase / (Decrease) In Share	Percentage Of Shareholding (%)	Warrant (Pace-W2) Holding		Increase / (Decrease) In Warrant Holding	Percentage Of Warrant Holding (%)
			31 December 2017	31 December 2018			23 February 2018	31 December 2018		
1	Mr. Kraithip Krairksh Spouse and minor children	Chairman of the Board	-	-	-	-	-	-	-	-
2	Mr. Chotipol Techakraisri Spouse and minor children	Vice Chairman of the Board	-	-	-	-	-	-	-	-
3	Mr. Sorapoj Techakraisri Spouse and minor children	Director / Chief Executive Officer	245,084	245,084	-	0.00	-	-	-	-
4	Mr. Chumpol Techakraisri Spouse and minor children	Director	1,361,174,032	4,683,522,096	3,322,348,064	38.90	1,107,449,353	822,449,353	285,000,000	33.43
5	Mrs. Ladda Srinwatanakosol Spouse and minor children	Chairman of Audit Committee	-	-	-	-	-	-	-	-
6	Mr. Prasert Patradhlok Spouse and minor children	Audit Committee	-	-	-	-	-	-	-	-
7	Mr. Wisit Karjanopas Spouse and minor children	Audit Committee	-	-	-	-	-	-	-	-
8	Mrs. Kitiya Todhanakasem * Spouse and minor children	Director	-	-	-	-	-	-	-	-
9	Mr. Pornson Patanasin Spouse and minor children	Director	-	-	-	-	-	-	-	-
10	Mr. Theera Vayakornvichitre Spouse and minor children	Executive Director	-	-	-	-	-	-	-	-
11	Mr. Songphon Chaovanayothin Spouse and minor children	Senior Executive Vice President / CRM	-	-	-	-	-	-	-	-
12	Ms. Natha Kittiksom Spouse and minor children	Executive Vice President / Chief Financial Officer	-	-	-	-	-	-	-	-
13	Mr. Bayani J. Lauraya Spouse and minor children	Executive Vice President / Chief Operating Officer	-	-	-	-	-	-	-	-

* Has been appointed to be director and independent director effective from 18 June 2018 onwards.

Board Of Directors	I	Subsidiaries										Associated Companies						
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Mr. Kraithip Krairiksh	/																	
2. Mr. Chotipol Techakraisri	II, III, Y	III, XX	III	III	III	III	III	III	III	III	III	III	III	III	III	III		
3. Mr. Sorapoj Techakraisri	II, III, X, Y	III	III	III	III	III	III	III	III	III	III	III	III	III	III	III	III	III
4. Mr. Chumpol Techakraisri	II, III, Y	III	III	III	III	III	III	III	III	III	III	III	III	III				
5. Mrs. Ladda Siriwattanakosol	II, IIII																	
6. Mr. Prasert Patradhilok	II, IIII																	
7. Mr. Wisit Kanjanopas	II, IIII																	
8. Mrs. Kittiya Todhanakasem ¹⁾	II																	
9. Mr. Pornson Patanasin	II, Y, YY																	
10. Mr. Theera Vayakornvichitre ²⁾	Y																III	
11. Mr. Songphon Chaovanayothin	YY																	
12. Ms. Natha Kittiakson	YY																	
13. Mr. Bayani J. Lauraya	YY																	

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

¹⁾ Has been appointed as director and independent director effective from 18 June 2018 onwards.

²⁾ Has resigned from position director effective from 18 June 2018 onwards.

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

Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (as of 28 February 2019)

Board Of Directors	I	Associated Companies																			
		19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
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 Patradhikol	//, ///							////	///	////	///	///	///	///	z	//					
7. Mr. Wisit Kanjanopas	//, ////																				
8. Mrs. Kitiya Todhanakasem ¹⁾	//																YY		/	/	
9. Mr. Pornson Palanasin	//, Y, YY																	//			
10. Mr. Theera Vayakornvichitre ²⁾	Y																				
11. Mr. Songphon Chaovanayothin	YY																		///		
12. Ms. Natha Kittiksom	YY																				
13. Mr. Bayani J. Lauraya	YY																				

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

¹⁾ Has been appointed as director and independent director effective from 18 June 2018 onwards.

²⁾ Has resigned from position director effective from 18 June 2018 onwards.

- | | | |
|---|---|---|
| 19. T. Krungthai Industries Public Company Limited | 26. Wave Entertainment Public Company Limited | 34. The Siam Commercial Bank Public Company Limited |
| 20. Major Cineplex Group Public Company Limited | 27. Kindred Company Limited | 35. Complete Data System Company Limited |
| 21. KT ZMICO Securities Company Limited | 28. Boutique Newcity Public Company limited | 36. Lean Enterprise Company Limited |
| 22. Samitivej Public Company Limited | 29. Robinson Planner Company Limited | 37. SCB Asset Management Company Limited |
| 23. Vanachai Group Public Company Limited | 30. Advance Energy Plus Company Limited | 38. SCB Abacus Company Limited |
| 24. ASEAN Potash Chaiyaphum Public Company Limited | 31. Advisory Plus Company Limited | |
| 25. Industrial and Commercial Bank of China (Thai) Public Company Limited | 32. Panjawattana Plastic Public Company Limited | |
| | 33. Teka Construction 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).

01 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 I 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 allocation of dividend, the amendment to the Company's articles of association and memorandum of association, the capital decrease or increase and other special matters, 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 47.02%, 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 2018, the meeting was held on 24 April 2018, 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 Baker & McKenzie Ltd. 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, 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 hours 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

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 2019 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 who 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

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 incidents 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 incidents.

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

PRINCIPLE 4 INFORMATION DISCLOSURE AND TRANSPARENCY

1. The BOD has a policy to disclose financial information and other information pertaining to the business and the performance of the Company in a precise, complete, sufficient, regular, and timely manner to represent the true financial status, current performance, and the future trend of the Company's business.
2. The BOD is determined to ensure that the Company complies with laws, rules, and regulations regarding information disclosure and transparency. It arranges to have such information presented both in Thai and English versions on the Company's websites, public communication channels, and SET's communication channel to provide to its shareholders and other stakeholders a convenient access to the Company's information. It will also adjust its communication means to comply with guidelines set forth and enforced by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
3. The Company will arrange to have staff in Investor Relations Department to be responsible for communicating with shareholders, institute investors, and retail investors, and to set up regular analyst meetings, as well as to distribute financial and general information to the Company's shareholders, analysts, rating agencies, and other governmental entities through several channels, such as reports submitted to the SET and the SEC and on PACE's website. In addition, the Company regularly discloses its information in both Thai and English versions through the Company's website to provide its shareholder a convenient access to updated company's information. The information posted on the website, including the Company's visions, missions, financial reports, news, annual reports, organization structures and executives, shareholder structure, and major shareholders will be regularly updated to reflect the most current status of the Company.
4. The Company places high emphasis on its financial reports and make sure that they reflect the true financial status and performance of the Company based upon correct, complete, and sufficient data according to the generally accepted accounting standards.

5. The Company will disclose the information regarding each director, roles and responsibilities of the Board of Directors and sub-committees, the number of meeting held and the number of meeting attended by each directors in the past year in its annual report (Form 56-2) and annual registration statement (Form 56-1).

PRINCIPLE 5 BOARD OF DIRECTOR'S RESPONSIBILITIES

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

1. Structure of the Board of Directors

- 1.1 The Company's BOD consists of 9 members, each serving a 3-year term in position. Three of the members are executive directors. The other 6 members are non-executive directors, five of whom are qualified 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, Finance and Law.
- 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, which 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 BOD 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 subject 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, 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.

02 COMMITTEES AND BOARDS

The Company's committee 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

I. BOARD OF DIRECTORS

As of 31 December 2018, 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. Pornson Patanasin	Director
6. Mrs. Ladda Siriwanakosol	Director, Chairman of Audit Committee and Independent Director
7. Mr. Prasert Patradhilok	Director, Member of Audit Committee and Independent Director
8. Mr. Wisit Kanjanopas	Director, Member of Audit Committee and Independent Director
9. Mrs. Kittiya Todhanakasem *	Director and Independent Director

Note: The Company Secretary is Ms. Duangkamol Ingkapatthanakul, appointed on 28 February 2019.

* Has been appointed to be director and independent director effective from 18 June 2018 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 2018, there is no issue regarding performance and management which must convene non-executive directors' meeting.

2. AUDIT COMMITTEE

As of 31 December 2018, Audit committee consists of 3 members as follows:

Name	Position
1. Mrs. Ladda Siri Wattanakosol *	Chairman of Audit Committee
2. Mr. Prasert Patradhilok *	Member of Audit Committee
3. Mr. Wisit Kanjanopas	Member of Audit Committee

Note:

* Mrs. Ladda Siri Wattanakosol and Mr. Prasert Patradhilok are the member of audit committee who have knowledge and experience in Accounting or Finance.

Ms. Montakan Teannetinun appointed as secretary of 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 Audit Committee Charter determining 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 statements.
- 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 assets 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 Directors. 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 2018, 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: Ms. Duangkamol Ingkapattanakul appointed as secretary of Executive Committee on 28 February 2019.

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 timeframe
 - Quarterly performance report within the time frame set by the Stock Exchange of Thailand (SET)
 - Auditor's report on the Company's financial statements, including annual and quarterly financial statements, within the time frame set by the Stock Exchange of Thailand (SET)
 - Other reports deemed necessary by the Executive Committee
- In the meeting of Executive Committee to execute any of its authority, the meeting's constituted quorum is achieved and the execution of authority is plausible when at least half of the directors attend the meeting.
- Each member of the Executive Committee has 1 vote per person. In the case that the votes are equal, Chairman of the Executive Committee has the power to exercise 1 final decisive vote.
- To give approval on any agenda, the Meeting must have at least half of the votes from the total votes from attendants in such meeting.
- The Company must hold Meeting of Executive Committee at least once a month 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 Directors. 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 2018, 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
 - Board of Directors shall approve compensation and other benefits of CEO.
 - 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 Board of Directors. The term of each member of Nomination and Remuneration Committee is 3 year 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 2018, the Risk Management Committee consists of 5 members as follows:

Name	Position
1. Mr. Prasert Patradhilk	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:

- Review the Company's overall risk management policies and guidelines covering all important risks, such as operational 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 twice a year and as necessary.
- 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.
- 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.
- Provide an opinion to management on setting risk measurement criteria and acceptable risk level before proposing to the Board of Directors.
- Provide an opinion to management on setting appropriate risk management measures to cope with different situations before proposing to the Board of Directors.
- Review the adequacy of the risk policies and risk management system, including the effectiveness of the system and the policy execution.
- 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.
- Constitute risk management taskforces when necessary.
- 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 Board of Directors. The term of each member of Risk Management Committee is 3 year since the appointment date. Members of Risk Management Committee whose term has expired can be reappointed.

03 SELECTION OF DIRECTORS AND MANAGEMENT

The 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

The 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 the Nomination and Remuneration Committee

1. The 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 the Risk Management Committee

1. The 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.



04 MONITORING OF THE OPERATION OF AFFILIATES AND SUBSIDIARIES

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.

05 CONTROLLING MEASURES FOR THE USE OF INTERNAL INFORMATION

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

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



06 COMPENSATION OF AUDITORS

The compensation paid to the auditor for the review of interim financial statements and the auditing of financial statements for the accounting period 2018 of the Company and its subsidiaries in Thailand totals 11.4 million Baht and the subsidiaries in USA total amount USD 400,000. The Company and its subsidiaries have no the expense of non-audit fee for the year 2018.

SUSTAINABILITY MANAGEMENT

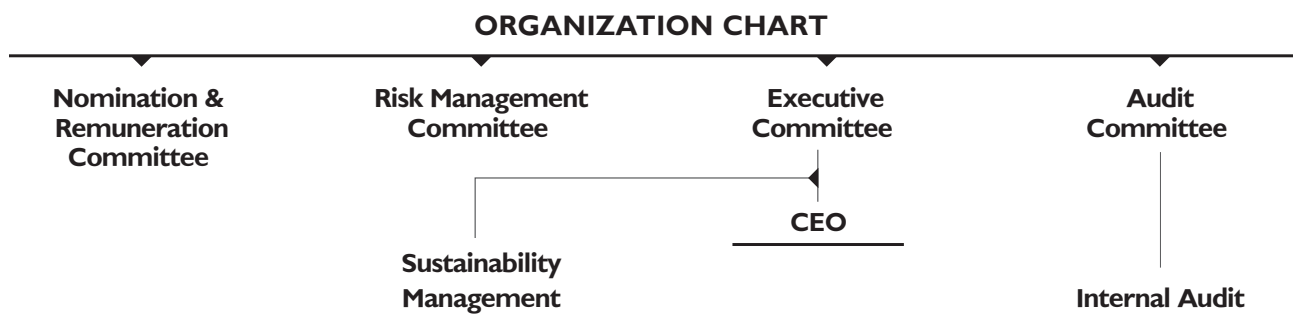
01 SUSTAINABILITY OBJECTIVE

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.

PACE understands the importance of the concept of Environment, Social and Governance (ESG) and that three key issue have been addressed and integrated into the company's strategy and operations.

02 STRUCTURE OF SUSTAINABILITY MANAGEMENT

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



03 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.

04 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 the future onward.

PURPOSE				
VISION		MISSION		VALUES
To be a leader in premium quality lifestyles		To innovate customer-centric experiences in property, hospitality and retail		Professionalism Achievement Collaboration Ethics
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 31st, 2018

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 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

Legal Persons That May Have Conflicts of Interest (Persons)	Nature of Relationship
Mr. Sorapoj Techakraisri	The Company's authorized director and major shareholders, holding 38.9% of the Company's shares.
Mr. Chotipol Techakraisri	The Company's authorized director and shareholder, holding 0.002% of the Company's shares through his spouse, and older brother of Mr. Sorapoj Techakraisri.
Mr. Sumate Techakraisri	The Company's shareholder, holding 0.885% of the Company's shares, and father of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri.
Mrs. Yupa Techakraisri	The Company's shareholder, holding 2.905% 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 Vayakornvichitre	The Company's director * resigned from the company's director effective date as of 18 June 2018
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 Vayakornvichitre	Spouse of Mr. Theera Vayakornvichitre
* Mr. Prakarn Raiva	Shareholder and director of Dean & DeLuca Airport Co., Ltd. which is the subsidiary of the Company * Mr. Prakarn is not the shareholder and director of the subsidiary effective as of 11 June 2018
* Ms. Ploy Bhinsaeng	Shareholder and director of Dean & DeLuca Airport Co., Ltd. which is the subsidiary of the Company * Ms. Ploy is not the shareholder and director of the subsidiary effective as of 11 June 2018
* Mr. Seree Thajongrak	Shareholder of Dean & DeLuca Airport Co., Ltd. which is the subsidiary of the Company * Mr. Seree is not the shareholder of the subsidiary effective as of 11 June 2018

In 2018 and 2017, 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:

(I) 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 st , 2018 (Million Baht)	In the Year Ending on December 31 st , 2017 (Million Baht)		
PACE Three	FP	Trade account receivable	-	45.2	<ul style="list-style-type: none"> FP entered into a Rental and Service Agreement at Cube Building for 2 contracts - 1st Contract for Vogue, the 4th amendment agreement dated 1 Oct 2016 (original agreement dated Dec 1st, 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. - 2nd Contract for L'Atelier de Joel Robuchon, the 3rd amendment agreement dated 1 Nov 2015 (original agreement effective date May 15th, 2014 ending May 14th, 2017) to rent more space from 803.46 sq.m to be 841.46 sq.m. Then, FP entered into 4th 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. Subsequently in April 2018, PACE Three entered into Asset Sale and Purchase Agreement to sell assets including Cube building to King Power Mahanakhon Co., Ltd. So, PACE Three has no record of rental and service income since April 2018. On the same date, the Company purchase all shares of PACE one and PACE Three from investors (Apollo and Goldman Sachs). So, PACE Three and PACE One have status as subsidiary of the Company. 	Such transaction is considered a trading transaction with normal conditions
		Beginning balance	-	-		
		Increase from acquisition of subsidiary	79.0	-		
		Increase during the period	-	6.8		
		Decrease during the period	-	-		
		Effect from loss control in subsidiary	-	(52.0)		
PACE Three	BeSPK	Ending balance	79.0	-	<ul style="list-style-type: none"> BeSPK entered into a Rental and Service Agreement dated Aug 17th, 2015 with PACE Three for the rent of space in Cube Building with the total rental space of 107 sq.m. for 3 years. Monthly rental and service rates of Baht 53,500. Such agreement is effective from Aug 17th, 2015 to Aug 16th, 2018. Subsequently in April 2018, PACE Three entered into Asset Sale and Purchase Agreement to sell assets including Cube building to King Power Mahanakhon Co., Ltd. So, PACE Three has no record of rental and service income since April 2018. On the same date, the Company purchase all shares of PACE one and PACE Three from investors (Apollo and Goldman Sachs). So, PACE Three and PACE One have status as subsidiary of the Company. 	Such transaction is considered a trading transaction with normal conditions.
		Allowance for doubtful account	(79.0)	-		
		Net balance	-	-		
		Trade account receivable	-	1.7		
		Beginning balance	-	-		
		Increase from acquisition of subsidiary	3.4	-		
PACE Three	BeSPK	Increase during the period	-	0.3	<ul style="list-style-type: none"> BeSPK entered into a Rental and Service Agreement dated Aug 17th, 2015 with PACE Three for the rent of space in Cube Building with the total rental space of 107 sq.m. for 3 years. Monthly rental and service rates of Baht 53,500. Such agreement is effective from Aug 17th, 2015 to Aug 16th, 2018. Subsequently in April 2018, PACE Three entered into Asset Sale and Purchase Agreement to sell assets including Cube building to King Power Mahanakhon Co., Ltd. So, PACE Three has no record of rental and service income since April 2018. On the same date, the Company purchase all shares of PACE one and PACE Three from investors (Apollo and Goldman Sachs). So, PACE Three and PACE One have status as subsidiary of the Company. 	Such transaction is considered a trading transaction with normal conditions.
		Decrease during the period	-	-		
		Effect from loss control in subsidiary	-	(2.0)		
		Ending balance	3.4	-		
		Allowance for doubtful account	(3.4)	-		
		Net balance	-	-		

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the Year Ending on December 31 st , 2018 (Million Baht)	In the Year Ending on December 31 st , 2017 (Million Baht)		
PACE Three	Verita	Trade account receivable	-	2.4	<ul style="list-style-type: none"> Verita entered into a Rental and Service Agreement dated 1 August 2016 with Pace Three for the rent of space in Cube Building with the total rental space of 876.2 sq.m. for three years. Monthly rental and services rates are the higher of Baht 546,637.50 or 10% of monthly net sales. Such agreement is effective from 1 August 2016 to 31 July 2019. Subsequently in April 2018, PACE Three entered into Asset Sale and Purchase Agreement to sell assets including Cube building to King Power Mahanakhon Co., Ltd. So, PACE Three has no record of rental and service income since April 2018. On the same date, the Company purchase all shares of PACE one and PACE Three from investors (Apollo and Goldman Sachs). So, PACE Three and PACE One have status as subsidiary of the Company. 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Increase from acquisition of subsidiary	4.7	-		
		Increase during the period	-	3.4		
		Decrease during the period	(1.3)	(0.8)		
		Effect from loss control in subsidiary	-	(5.0)		
		Ending balance	3.4	-		
Dean & DeLuca Asia (Thailand)	FP	Income from sales of foods and beverages			<ul style="list-style-type: none"> During 2018 and 2017, FP bought foods and beverages from Dean & DeLuca Asia (Thailand). 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	0.3	0.3		
		Increase during the period	0.6	0.8		
		Decrease during the period	(0.8)	(0.8)		
		Ending balance	0.1	0.3		
Dean & DeLuca Asia (Thailand)	Fierce	Income from sales of foods and beverages			<ul style="list-style-type: none"> During 2018 and 2017, Fierce bought foods and beverages from Dean & DeLuca Asia (Thailand). 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	1.4	0.5		
		Increase during the period	-	0.9		
		Decrease during the period	-	-		
		Ending balance	1.4	1.4		
Dean & DeLuca Asia (Thailand)	Verita	Income from sales of foods and beverages			<ul style="list-style-type: none"> During 2017, Verita bought foods and beverages from Dean & DeLuca Asia (Thailand). 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	-	-		
		Increase during the period	-	0.1		
		Decrease during the period	-	(0.1)		
		Ending balance	-	-		
Dean & DeLuca Asia (Thailand)	Mr. Sorapoj Techakraisri	Income from sales of foods and beverages			<ul style="list-style-type: none"> During 2018 and 2017, Mr. Sorapoj Techakraisri bought foods and beverages from Dean & DeLuca Asia (Thailand). 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	0.3	-		
		Increase during the period	0.1	0.3		
		Decrease during the period	-	-		
		Ending balance	0.4	0.3		

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the Year Ending on December 31 st , 2018 (Million Baht)	In the Year Ending on December 31 st , 2017 (Million Baht)		
FIERCE	The Company	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Decrease during the period Ending balance	- - - -	0.2 - (0.2) -	• During 2017, 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.
FIERCE	PACE Country Club	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Decrease during the period Ending balance	0.7 - - 0.7	- 0.7 - 0.7	• Pace Country Club hired FIERCE to take a photo for advertising and marketing	• Such transaction is considered a trading transaction with normal conditions.
FP	The Company	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Decrease during the period Ending balance	2.4 0.1 (2.5) -	0.6 2.1 (0.3) 2.4	• During 2018 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.
FP	PACE Country Club	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Decrease during the period Ending balance	0.1 - (0.1) -	0.1 0.1 (0.1) 0.1	• During 2018 and 2017, Pace Country Club bought food and beverages, and gift voucher from FP.	• Such transaction is considered a trading transaction with normal conditions.
FP	PACE Two	Entertainment expenses and Marketing expenses Beginning balance Increase during the period Decrease during the period Ending balance	2.1 - (2.1) -	0.7 1.8 (0.4) 2.1	• During 2018 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.

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the Year Ending on December 31 st , 2018 (Million Baht)	In the Year Ending on December 31 st , 2017 (Million Baht)		
WM-AD	PACE Inter- or Services	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Decrease during the period Ending balance	5.3 21.4 (21.4) 5.3	10.7 21.4 (26.8) 5.3	<ul style="list-style-type: none"> • Pace Interior Services entered into Managed and Interior Services Agreement for construction management and interior services of MahaNakhon project since 2015. The service fee is indicated in the agreement. • During 2018, Pace Interior Services entered into 2 Managed and Interior Services agreements as below, <ol style="list-style-type: none"> 1st agreement dated 1 January 2018 for service period during January – June 2018 with service fee Baht 10.7 million 2nd agreement dated 1 July 2018 for service period during July – December 2018 with service fee Baht 10.7 million 	<ul style="list-style-type: none"> • Such transaction is considered a trading transaction with normal conditions.
F&P	Dean & DeLuca Inc.	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Decrease during the period Ending balance	0.2 - (0.2) -	- 3.3 (3.1) 0.2	<ul style="list-style-type: none"> • F&P provide consultancy service to Dean & DeLuca Inc. 	<ul style="list-style-type: none"> • Such transaction is considered a trading transaction with normal conditions.
Grovepark	Dean & DeLuca Inc.	Selling, General, and Administrative Expenses (SG&A) Beginning balance Increase during the period Decrease during the period Ending balance	13.4 6.0 - 19.4	7.1 6.3 - 13.4	<ul style="list-style-type: none"> • Grovepark provide consultancy service to Dean & DeLuca Inc. 	<ul style="list-style-type: none"> • Such transaction is considered a trading transaction with normal conditions.
Pace Two	Ms. Nichaya Chaiyawan	Revenue from sales of residential condominium units	-	260.2	<ul style="list-style-type: none"> • During the 1st quarter of 2017, Pace Two has entered into sale and purchase agreement of The Ritz-Carlton Residences, Bangkok project with Mrs. 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. 	<ul style="list-style-type: none"> • Such transaction is considered a trading transaction with normal conditions.
Pace Two	Mrs. Thitima Vayakorn- vichitre	Revenue from sales of residential condominium units	-	34.4	<ul style="list-style-type: none"> • During the 1st 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. 	<ul style="list-style-type: none"> • Such transaction is considered a trading transaction with normal conditions.

(2) ADVANCED RECEIVED

Payee	Payer	Type of Transaction	Outstanding as of December 31 st , 2016 (Million Baht)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding as of December 31 st , 2017 (Million Baht)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding as of December 31 st , 2018 (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) *	-	<ul style="list-style-type: none"> On Jun 28th, 2013, the Company sold a life-time membership of Country Club Hua Hin to Dynasty Apparel Co., Ltd.. * Dynasty Apparel Co., Ltd, which Mrs. Thitima Vayakornvichitire is the Company's director, is not the related party of the Company since June 2018 due to the resignation of Mr. Theera Vayakornvichitire from position of director of the Company effective June 2018. 	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Sumate Techakraisri	Advanced received from customers	0.3	-	-	0.3	-	-	0.3	<ul style="list-style-type: none"> On Jul 9th, 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Sumate Techakraisri. 	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Chumpol Techakraisri	Advanced received from customers	0.3	-	-	0.3	-	-	0.3	<ul style="list-style-type: none"> On Jun 28th, 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. Sorapoj Techakraisri	Advanced received from customers	-	40	-	40	-	-	40	<ul style="list-style-type: none"> On June 27th, 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.

Payee	Payer	Type of Transaction	Outstanding as of December 31 st , 2016 (Million Baht)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding as of December 31 st , 2017 (Million Baht)	Increase During the Period (Million Baht)	Decrease During the Period (Million Baht)	Outstanding as of December 31 st , 2018 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
The Company	Ms. Ploy Bhinsaeng	Advanced received from customers	-	32.4	-	32.4	0.7	(33.1)	-	<ul style="list-style-type: none"> On Feb 16th, 2015, the Company has entered into purchase and sales a condominium unit of Nimit Langsuan Project with Ms. Ploy Bhinsaeng *Ms. Ploy is not the shareholder and director of the subsidiary effective as of 11 June 2018 	<ul style="list-style-type: none"> Such transaction is a normal business transaction with a then-current market sales price.
Dean and DeLuca Asia (Thailand)	PACED	Advance Payment and accrued royalty	3.5	-	-	3.5	-	-	3.5	<ul style="list-style-type: none"> Dean & DeLuca Asia (Thailand) has royalty payable and advance received from PACED in totaling amount of Baht 3.5 million 	<ul style="list-style-type: none"> Such transaction is a normal business transaction with a then-current market sales price.
PACED	Dean & DeLuca Inc	Accrued royalty	2.6	-	-	2.6	-	-	2.6	<ul style="list-style-type: none"> PACED has royalty payable to Dean & DeLuca Inc in totaling amount of USD 80,664 	<ul style="list-style-type: none"> Such transaction is a normal business transaction with a then-current market sales price.
Mr. Pongsak Mahat-tanasakul	Pace Interior Services	Advance Payment	-	9.0	(9.0)	-	3.2	(3.2)	-	<ul style="list-style-type: none"> Advance payment of Baht 9 million in 2017 and Baht 3.2 million in 2018 have been issued to support the Company's liquidity. 	<ul style="list-style-type: none"> Such transaction is a normal business transaction.
PACE One	Mr. Sorapoj Techakraisri	Advance Received	-	-	-	-	10.4	(1.9)	8.5	<ul style="list-style-type: none"> Advance received Baht 10.4 million is an advance payment by Mr. Sorapoj for sculpture 	<ul style="list-style-type: none"> Such transaction is a normal business transaction.
PACE Food Retail	Mr. Sorapoj Techakraisri	Advance Received	-	-	-	-	1.4	-	1.4	<ul style="list-style-type: none"> Advance received Baht 1.4 million is an advance payment by Mr. Sorapoj for reimburse of business trip in 2018. 	<ul style="list-style-type: none"> Such transaction is a normal business transaction.

(3) LOANS AND INTEREST EXPENSES

Borrower	Lender	Type of Transaction	Outstanding Balance as of Dec 31 st , 2016 (Million Baht)	Increase During Period (Million Baht)	Decrease During Period (Million Baht)	Outstanding Balance as of Dec 31 st , 2017 (Million Baht)	Increase During Period (Million Baht)	Decrease During Period (Million Baht)	Outstanding Balance as of Dec 31 st , 2018 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
Dean & DeLuca Inc.	Mr. Sorapoj Techakraisri	Loan	-	86.2	-	86.2	-	(0.5)	85.7	<ul style="list-style-type: none"> In 2017, Dean & DeLuca Inc. entered into 2 loan agreements with Mr. Sorapoj Techakraisri USD 0.6 million and USD 2.04 million, respectively. This loan shall not be subject to interest and repayment term are on demand. 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
Grovepark	Dean & DeLuca Inc.	Loans Accrued Interest Receivable	75.2 0.8	57.0 1.4	- -	132.2 2.2	- 2.2	(0.8) -	131.4 4.4	<ul style="list-style-type: none"> As of 31 December 2018, Grovepark has outstanding loan with Dean & DeLuca Inc. USD 4.1 million and accrued interest of USD 136,134. The loan will be paid in full upon the end of term 60 months or earlier 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
Dean & DeLuca Airport	Mr. Prakarn Raiva	Loans Accrued Interest Payable	- -	9.6 0.6	- -	9.6 0.6	- 0.1	(9.6) (0.7)	- -	<ul style="list-style-type: none"> Here is significant details of loan <ul style="list-style-type: none"> - Interest rate of 7.5% - Repayment term on January and June 2018 - Insecure loan - All loan and accrued interest have been paid in Q1'2018 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
Dean & DeLuca Airport	Ms. Ploy Bhinsaeng	Loans Accrued Interest Payable	- -	9.1 0.6	- -	9.1 0.6	- 0.1	(9.1) (0.7)	- -	<ul style="list-style-type: none"> Here is significant details of loan <ul style="list-style-type: none"> - Interest rate of 7.5% - Repayment term on January and July 2018 - Insecure loan - All loan and accrued interest have been paid in Q1'2018 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.

Borrower	Lender	Type of Transaction	Outstanding Balance as of Dec 31 st , 2016 (Million Baht)	Increase During Period (Million Baht)	Decrease During Period (Million Baht)	Outstanding Balance as of Dec 31 st , 2017 (Million Baht)	Increase During Period (Million Baht)	Decrease During Period (Million Baht)	Outstanding Balance as of Dec 31 st , 2018 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
Dean & DeLuca Airport	Mr. Seree Thajongrak	Loans Accrued Interest Payable	- -	4.8 0.3	- -	4.8 0.3	- 0.1	(4.8) (0.4)	- -	<ul style="list-style-type: none"> Here is significant details of loan <ul style="list-style-type: none"> - Interest rate of 7.5% - Repayment term on January and June 2018 - Insecure loan - All loan and accrued interest have been paid in Q1'2018 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
Pace Food Retail	Prairie Marketing Co., Ltd.	Loans Advance Interest Payment	- -	10.0 (0.3)	- 0.3	10.0 -	- -	(10.0) -	- -	<ul style="list-style-type: none"> Here is significant details of loan <ul style="list-style-type: none"> - Interest rate of 6.5% - Repayment term on January 2018 - Insecure loan - Loan has been paid in Q1'2018 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
Mr. Pongsak Mahat-tanasakul	YLP	Loans Accrued Interest Receivable	- -	45.0 0.7	(45.0) (0.7)	- -	- -	- -	- -	<ul style="list-style-type: none"> Here is significant details of loan <ul style="list-style-type: none"> - Interest rate of 7.75% - Repayment term on demand - Insecure loan - Loan and accrued interest have been paid on 14 November 2017 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
Mr. Pongsak Mahat-tanasakul	Pace Interior Services	Loans Accrued Interest Receivable	- -	30.0 0.7	30.0 (0.7)	- -	- -	- -	- -	<ul style="list-style-type: none"> Here is significant details of loan <ul style="list-style-type: none"> - Interest rate of 7.5% - Repayment term on demand - Insecure loan - Loan and accrued interest have been paid on 14 November 2017 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.

(4) GUARANTEES AND COLLATERAL SECURITIES PROVIDED TO FINANCIAL INSTITUTIONS (AS OF DECEMBER 31ST, 2018)

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 Mr. Sorapoj Techakraisri	Dean and DeLuca Asia (Thailand)	Bangkok Bank Public Company Limited	85.0	80.0	<ul style="list-style-type: none"> On Sep 22nd, 2014, Dean & DeLuca Asia (Thailand) entered into the Credit Facility Agreement to have long term loan amount of Baht 80 million and overdraft Baht 5 million are guaranteed by <ol style="list-style-type: none"> The company's shares held by Mr. Sorapoj Techakraisri of 15 million shares. Shares of related party held by Mrs. Yupa Techakraisri of 10 million shares Guarantee by Mr. Sorapoj Techakraisri and Mrs. Yupa Techakraisri 	<ul style="list-style-type: none"> The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.
Mr. Sorapoj Techakraisri Mr. Chotipol Techakraisri Mrs. Yupa Techakraisri	Dean and DeLuca Asia (Thailand)	Bank of Ayudhaya Public Company Limited	15.0	10.0	<ul style="list-style-type: none"> On May 16th, 2012 Dean & DeLuca Asia (Thailand) entered into the Credit Facility Agreement to have long term loan amount of Baht 10 million and overdraft Baht 5 million that are guaranteed by <ol style="list-style-type: none"> Residential condominium unit of Mr. Sorapoj Techakraisri Residential condominium unit of Mr. Chotipol Techakraisri Guarantee by Mr. Sorapoj Techakraisri and Mrs. Yupa Techakraisri 	<ul style="list-style-type: none"> The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.
Mr. Chotipol Techakraisri Mrs. Yupa Techakraisri	YLP	Kasikorn Bank PCL	1,100.0	473.6	<ul style="list-style-type: none"> On Oct 29th, 2015 YLP entered into the Credit Facility Agreement to have long term loan amount of Baht 1,090 million and overdraft Baht 10 million. Guarantee by Mr. Chotipol Techakraisri and Mrs. Yupa Techakraisri 	<ul style="list-style-type: none"> The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.

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. Sorapoj Techakraisri	The Company	The Siam Commercial Bank Public Company Limited	4,748.0	3,898.0	<ul style="list-style-type: none"> On Nov 25th, 2015, the Company entered into the credit facility agreement to obtain long term loan facility Baht 4,673 million, overdraft Baht 30 million, and Letter of guarantee Baht 45 million. Guarantee by Mr. Sorapoj Techakraisri 	<ul style="list-style-type: none"> The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.
Mr. Sumate Techakraisri Mrs. Yupa Techakraisri Mr. Sorapoj Techakraisri	The Company	The Siam Commercial Bank Public Company Limited	3,448.6	3,448.6	<p>On Oct 2nd, 2017 and Oct 12th, 2017, the Company has entered into credit facility agreements amount of Baht 1,200 million and Baht 1,800 million, respectively, to obtain revolving and uncommitted credit line under promissory notes. Subsequently, on Jan 3rd, 2018, the Company entered into supplemental to obtain more loan facility amount of Baht 448.6 million. Such credit facilities are collateral by land located in Prachinburi owned Mr. Sumate Techakraisri.</p>	<ul style="list-style-type: none"> The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.
Mr. Sumate Techakraisri Mrs. Yupa Techakraisri Mr. Sorapoj Techakraisri	The Company	The Siam Commercial Bank Public Company Limited	350.0 2,850.0	296.0 1,813.0	<p>On May 15th and May 22nd, 2018, the Company entered into credit facility agreements to obtain long term loan amount Baht 350 million and Baht 2,850 million, respectively. Such credit facilities are collateral by land located in Prachinburi owned by Mr. Sumate Techakraisri.</p>	<ul style="list-style-type: none"> The transaction that occurred was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.

MANAGEMENT DISCUSSION & ANALYSIS

01 THE OVERALL BUSINESS OPERATIONS AND SIGNIFICANT CHANGES IN 2018

In 2018, the Company is continually developing its existing real estate projects; MahaNakhon, MahaSamutr, Nimit Langsuan and Windshell Narathivas projects. Despite the highly competitive market and measures from government to stimulate the property sector has yet to implement the Company has been able to transfer residential units of MahaNakhon project throughout the year 2018 with a significant number of 75 residences. The remain backlog and unsold units are expected to transfer in 2019. Furthermore, in 2018, the Company had transferred three villas of MahaSamutr project and expected to transfer continuously over year 2019. Moreover, the Company managed sell residential units and secured a total of 91% of the project value while the Windshell Naradhiwas project proceeds with construction as planned. Also, the Company received credit facilities from its financial institutions which are sufficient to complete the projects, and is expected to transfer the ownership to its customers as well as recognize revenues in the second half of the year 2019.

Significant Event in Q2 2018

On 6 April 2018, the Company, Pace Project One Co., Ltd. ("PP1"), Pace Project Three Co., Ltd. ("PP3"), and a director entered into buyout agreement on disposal of assets in PP1 and PP3 in total of not exceeding to 12,800 million Baht to King Power MahaNakhon Co., Ltd. ("KPM"). On the same day, the Company and KPM entered into a Business Procurement Agreement, and KPM committed to pay operating costs of the transaction to complete the disposal of the subsidiaries' assets of not exceeding to 1,200 million Baht for the Company. The total value of the two agreements were 14,000 million Baht. The summary of significant details are as follows:

- (a) Disposition of the assets in PP1 and PP3 included: land, hotel, Observation Deck, Retail Cube Building, sculptures and artworks, the licenses and contracts which are relevant to the operation of PP1 (Hotel) and PP3 (Observation Deck and Retail Cube) in the MahaNakhon Project; having the total value of not exceeding 12,617 million Baht.
- (b) Disposition of land that is jointly owned by PP1, Pace Project Two Co., Ltd. ("PP2"), PP3, and Pace Real Estate Co., Ltd. having the total value of not exceeding 183 million Baht.
- (c) The Company shall receive the Business Procurement compensation for seeking purchasers, negotiating with relevant parties including managing and implementing the completion of the disposal of asset in the amount of not exceeding 1,200 million Baht.

On 9 April 2018, the Company, PP1 and PP3 entered into Investment Buy-Out Agreement with Apollo Asia Sprint Company Limited ("Apollo") and Goldman Sachs Investments Holding (Asia) Limited ("Goldman"), (joint investor) in order to purchase shares in PP1 and PP3 totaling of not exceeding to USD 320 million or, not exceeding to 10,000 million Baht. The details are as follows:

- (a) Purchase preferred shares in PP1 from Apollo of 1,344,700 shares with a par value of Baht 100 each; in the amount of USD 4,303,040 or equivalent to 134.9 million Baht, and from Goldman of 576,300 shares with a par value of Baht 100 each; in the amount of USD 1,844,160 or equivalent to 57.8 million Baht; totaling of 1,921,000 shares; in the amount of USD 6,147,200 or equivalent to 192.7 million Baht, in the proportion of 49.00 percent of PP1.
- (b) Purchase preferred shares in PP3 from Apollo of 665,001 shares with a par value of Baht 100 each; in the amount of USD 204,957,760 or equivalent to 6,424.9 million Baht, and from Goldman of 285,001 shares with a par value of Baht 100 each; in the amount of USD 87,839,040 or equivalent to 2,753.5 million Baht; totaling of 950,002 shares; in the amount of USD 292,796,800 or equivalent to 9,178.4 million Baht, in the proportion of 48.72 percent of PP3.

The Company transferred such assets on 10 April 2018 and received the payment of disposal of the assets from KPM totaling of 13,381 million Baht, and remain to be received in approximately 619 million Baht within the second quarter of 2019.

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 stores 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 the future, the Company has a plan to focus on lower investment in projects and maximize brand value. For example, the Company will focus on franchising businesses to grow the brand both domestic and international. This attempt will emphasize countries with robust economic growth, growing demand that can drive brand equity, and opportunity to make greater profit such as China. Also, in order to maximize the brand value of DEAN & DELUCA, the Company is developing consumer products to sell in stores and other distribution channels to help the Company generate more revenues.

Industry and Economic Conditions that Affect the Business Operations

Property Business;

Despite a more favorable investment environment in Thailand from various of factors and the global economy proves to grow in positive direction, property developers seek for the best investment opportunities in the midst of limited land supplies in the heart of Bangkok. The Company is amongst a few others high-end/luxury property developers who seeks to deliver the best product for a specific group of customers with high purchasing power who associate and share the same value as the Company. With this the Company manages to maintain high presales in every property development projects.

In 2018 the Company has recognized revenue from the Ritz-Carlton Residences Bangkok thoroughly as planned and is expected to transfer the rest of the remaining residences in 2019. The Company has recognized a total of three MahaSamutr villas and expected to transfer most of the remaining villas in 2019.

The construction in progress of MahaSamutr Villas are 100% completed. In 2018, the Company transferred the ownership

of MahaSamutr project totaling of 3 villas and recognized revenues of 160 million Baht. The Company expects to be able to sell and transfer the remaining villas to its customers in 2019. Meanwhile, MahaSamutr Country Club and Sports Club are currently in the process of restructuring and expected to be completed and operated in 2019.

Nimit Langsuan and Windshell Naradhiwas projects are in the process of construction as planned. Also, the Company received credit facilities from its financial institutions which are sufficient to complete the projects and is expected to transfer the ownership to its customers as well as recognize revenues in the second half of the year 2019.

Food and Beverages Business;

In 2018, Dean & DeLuca, Inc. (DDUS) adjusted its business strategy that includes the cost reduction while maintain the same level of revenue. As a result, three stores in North Carolina and one store in Kansas were closed while retained the six performing stores. The relocation of the head office to the flagship store in Soho as well as the relocation of the warehouse were carried out as a result of rightsizing for leaner operations and higher flexibility for future business operation.

Explanation of the Company's Submission of Financial Statements for the Year Ended December 31, 2018 with Qualified Opinion on the Consolidated Financial Statements

Pace Development Corporation Public Company Limited (the "Company") submit the financial statements for the year ended December 31, 2018. The auditor of EY Office Limited qualified the conclusion on the consolidated financial statements as at December 31, 2018.

The Company together with Pace Project One Co., Ltd., Pace Project Three Co., Ltd. and a director of the Company entered into the Asset Sale and Purchase Agreement with an unrelated company to dispose of assets belonging to such two companies, which the major assets included the hotel, observation deck, and retail cube building for a total of 14,000 million Baht. In addition, the Company and the two companies entered into the Investment Buy-Out Agreement to purchase shares of the two companies from the investors in accordance with the resolution passed by the Meeting of the Company's Board of Directors on 28 March 2018. As a result of the assets disposal and shares acquisition transactions, the Company recognized loss on disposal of assets totaling 3,533 million Baht in the consolidated statement of comprehensive income for the year ended 31 December 2018.

As at 31 December 2017, these two companies were joint ventures, and their asset values were consequently reflected in the carrying values of these investments in joint ventures, amounting to 6,487 million Baht, which are presented as part of investments in joint ventures as presented in the consolidated statement of financial position as at 31 December 2017, amounting to 6,703 million Baht. The carrying values of these investments were measured at fair value, determined by an independent financial advisor using the income approach and the Black-Scholes option pricing model, due to the loss of control of the subsidiaries during 2017. The above auditor was unable to obtain sufficient appropriate audit evidence regarding the fair value of such investments because there was a significant uncertainty with respect to the estimation of income from the observation deck, due to the fact that the construction was yet to be completed, meaning there were no actual comparable commercial operations, and the business was new in the Thai market. As a result in the other auditor's report dated 28 February 2018, the other auditor expressed a qualified opinion on the consolidated statements of financial position as at 31 December 2017 with respect to the fair value of the investments and expressed a disclaimer opinion on the consolidated statement of comprehensive income for the year then ended with respect to the recognition of the impact from the loss of control of the subsidiaries, amounting to 7,113 million Baht.

Subsequently in 2018, the Company acquired additional shares in both companies and, as a result, they became the Company's subsidiaries, meaning their asset values were reflected in the carrying value of the assets of the Group in the consolidated financial statements. The Group then disposed the assets to an unrelated company. However, as the above limitations imposed by circumstance still exist, the auditor was unable to obtain sufficient appropriate audit evidence relating to the carry values of the assets of the two subsidiaries, which were used to determine the loss on disposal of assets of the two subsidiaries of 3,533 million Baht that is presented in the consolidated statements of comprehensive income for the year ended 31 December 2018, as previously mentioned.

The auditor, therefore, unable to determine whether and to what extent any adjustments are required to the impact of the disposal of the assets of the two companies and the impact of the fair value measurement of investments in joint ventures in 2017.

However, 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. And the current issue has ended and will not affect the financial statements in the next period.

02 SUMMARY OF FINANCIAL PERFORMANCE

Analysis of the Operating Results

Revenues

For the year ended 31 December 2018, the Company generated revenues of 8,813 million Baht, decreased by 5% as compared to year 2017. The details are as follows:

1. Property Business:

The Company is 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 2018, the Company recognized revenues from sales of residential condominium units of 6,115 million Baht (69% of total revenues); increasing by 3% as compared to the year 2017 of 191 million Baht. The significant increase was mainly due to the ability to continually transfer of The Ritz-Carlton Residences, Bangkok at MahaNakhon totaling of 75 residences, and to recognize revenue from transfer 3 villas of MahaSamutr project.

2. Gourmet Food and Beverage Business:

In 2018, the total revenues of DEAN & DELUCA were 2,478 million Baht, decreased by 22% as compared to 2017. This was due to a decrease in the revenue from gourmet food and beverage as well as merchandise as a result of stores shut down.

As of 31 December 2018, the Company has company-operated stores and licensed stores as follows.



In the future, the Company plans to focus on lower investment in projects and maximize brand value. For example, the Company focuses on franchising businesses to grow both domestically and internationally. This attempt has been reflected in the entering into the agreement on franchising business model with various strategic partners in Europe and Asia in order to maximize its growth opportunity in highly competitive market.

Gross Profits

The total gross profits for the year 2018 was 2,862 million Baht (32% of total revenue), a decrease of 271 million Baht or 9% as compared to 2017. Details are as follows:

1. Property Business:

Gross profit from property business of 1,461 million Baht (24% of total revenue from property business), a decrease of 12 million Baht or 1% as compared to 2017. Gross profit of 24% a decrease of 1% as compared to 2017.

2. Gourmet Food & Beverage business:

Gross profit from gourmet food and beverage of 1,180 million Baht (48% of total revenue from gourmet food and beverage) a decrease of 335 million Baht or 22% as compared to 2017.

Selling and Administrative Expenses

In 2018, the Company had total expenses of 3,674 million Baht (42% of total revenues) a decrease of 2,282 million Baht or 38% as compared to 2017. This comprises of selling expense of 2,146 million Baht, a decrease of 1,158 million Baht or 35% as compared to 2017 and administrative expenses of 1,528 million Baht, a decrease of 1,124 million Baht or 42% as compared to 2017.

Selling and administrative expenses from gourmet food and beverage business decreased significantly in comparison to the previous year as a result of decrease in number of management and administrative staffs as well as a tighter control of marketing budget.

Asset Impairment and Loss from Selling Assets

In 2018, the Company recorded loss from investments and selling asset of 3,533 million Baht which is a onetime transaction due disposal of the assets under the MahaNakhon project to King Power in the second quarter of 2018, an increase of 1,314 million Baht or 59% as compared to 2017. By record loss from disposal asset of 3,533 million Baht in 2018, while the Company had impairment loss of loan on

Country	Company-operated Stores	Licensed Stores	Total
United States	6	-	6
United States (Hawaii)	-	2	2
Thailand	12	-	12
Japan	24 (50% JV)	19	43
South Korea	-	2	2
Singapore	-	3	3
Kuwait	-	2	2
UAE	-	1	1
Philippines	-	3	3
Macao	-	1	1
Bahrain	-	1	1
Hong Kong	-	2	2
Malaysia	-	1	1
Total	42	37	79

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.

In 2018, the company had loss before finance cost and income tax of 4,345 million Baht (49% of total revenue) or loss decreased 14% as compared to 2017.

Finance Costs

In 2018, the Company had total interest paid of 810 million Baht, a decrease of 166 million Baht or 17% as compared to 2017. The decrease in finance cost was due to repayments in various of debt instruments as a result of capital increase in 2018 and proceeds from disposition of assets in the second quarter in 2018.

Profit and Loss Results

In 2018, the Company recorded net loss of 5,153 million Baht (58% of total revenue), increased by 3,106% as compared to 2017 with net profit of 171 million Baht. This was due to the Company recognized the effect from loss of control in its subsidiaries and recorded a total of 7,113 million Baht in the Consolidated Financial Statements by two investors, namely Apollo Asia Sprint Holding Company Limited and Goldman Sachs Investments Holdings in two of the Company's subsidiaries, being Pace Project One Company Limited and Pace Project Three Company Limited.

Statement of Financial Position

Assets

As at 31 December 2018, the total assets were 21,612 million Baht, a decrease of 10,811 million Baht or 33% as compared to 2017. This was due to transfer of the property development projects with a total of 2,791 million Baht and disposition of assets includes hotel, observation deck and Retail Cube Building to King Power Mahanakhon Company Limited. As a result, the Company purchased shares in the subsidiaries, Pace Project One Company Limited and Pace Project Three Company Limited back from the two investors. The investment in shares of the joint venture, therefore, decreased by 6,441 million Baht.

The main assets comprise of cash and cash equivalent of 1,278 million Baht, real estate projects for sales under development of 9,556 million Baht, Account Receivable of 887 million Baht, building improvement, sales gallery, and equipment in a total of 3,616 million Baht, Moreover, the goodwill incurred mainly from DEAN & DELUCA acquisition was 2,444 million Baht.

Also, the intangible assets arising from DEAN & DELUCA's business; for example, trademark, trade name, rights to use name, etc. of the DEAN & DELUCA brand were 1,870 million Baht. The main assets were 91% of the total assets.

Liabilities

As at 31 December 2018, the total liabilities were 20,347 million Baht, a significant decrease of 9,814 million Baht or 33% as compared to 2017. As a result of loans repayment to financial institutions and to other persons and other companies in a total of 6,592 million Baht and deferred income tax liability of 1,412 million Baht. Major items of liabilities include short-term loans from financial institutions of 3,050 million Baht, current portion of long-term loans from financial institutions of 8,063 million Baht.

The remaining amount of debenture is 1,253 million baht, advances and deposits received from customers of 3,134 million Baht and trade and other payables of 2,648 million Baht. These items are accounted for 89% of the total assets.

Shareholders' Equity

As at 31 December 2018, the total shareholder's Equity of the Company were 1,256 million Baht, a decrease of 997 million Baht or 44% as compared to 2017. This was due to the capital increase via private placement and rights offering in the second quarter of the year as well as the disposition of three assets includes hotel, observation deck and Retail Cube Building. As a result, the Company recognized the effect from loss on disposal of assets in the investment in shares of the joint venture which negatively affected shareholder's equity.

The Ability for Assets Management

Trade Account Receivables

As of 31 December 2018 and 2017, the Company had trade account receivables totaling of 237.5 million Baht and 80.1 million Baht, respectively. Its average collection period in 2018 was 6.8 days increased from 2017 of 3.5 days. Most of the increase in trade accounts receivable is receivables from sales of condominium units in the MahaNakhon project where such payments were recorded in January 2019.

Inventories

At the end of the year 2018, the Company had ending inventories of 167.8 million Baht. Most were related to Dean & DeLuca business of 100.8 million Baht. The average inventory turnover was 11.8 days in 2018 compared to 15.2 days in 2017.

Real Estate Project under Development for Sales

At the end of the year 2018, the Company had Real estate project under development for sales of 9,556 million Baht; Comprising of 1) Projects complete for sales of 4,211 million Baht mainly from MahaNakhon project of 961 million Baht and MahaSamutr Project of 3,250 million Baht, decreased 15% from 2017 of 8,324 million baht and 2) Projects under development of 5,345 million Baht primarily from Nimit Langsuan project of 3,736 million Baht, Windshell Naradhiwas project of 1,128 million Baht and Niseko Project of 481 million Baht , increased 33% from 2017 of 4,024 million Baht

Shares Investment, Goodwill and Impairment Loss

In 2018, the Company recorded loss from investments and selling asset of 3,533 million Baht an increase of 1,314 million Baht or 59% as compared to 2017. By record loss from disposal asset of 3,533 million Baht in 2018, while 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.

Important Components of Other Assets and Causes of Change

As at 31 December 2018, the total assets were 21,612 million Baht, a decrease of 10,811 million Baht or 33% as compared to 2017. This was due to transfer of the property development projects with a total of 2,791 million Baht and disposition of assets includes hotel, observation deck and retail cube building to King Power Mahanakhon Company Limited. As a result, the Company purchased shares in the subsidiaries, Pace Project One Company Limited and Pace Project Three Company Limited back from the two investors. The investment in shares of the joint venture, therefore, decreased by 6,441 million Baht.

Source of Funds

At the end of 2018, the Company had total current asset of 12,719 million Baht, total current liabilities of 18,877 million Baht. The current ratio was 0.67 times, similar to the year 2017. The current assets decreased by 1,623 million Baht from 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 1,083 million Baht due to the decreased of bank overdraft and short-term loan of Promissory Note issuance of 3,058 million Baht, decreased significantly by 1,282 million Baht from 2017.

However, in 2019 the company plans to transfer units of Nimit Langsuan and Windshell Naradhiwas projects, including deposits to be received from customers which will result in a reduction in the amount of loans from financial institutions in the future.

Appropriateness of the Funding Structure

In 2018, the Company had total debt to equity ratio of 16.1 times, as compared to 13.3 times in 2017. The interest-bearing debt to equity ratio was 10.8 times as compared to 8.9 times in 2017.

This is mainly due to decreased in equity of 997 million Baht from unappropriated (deficit) decreased from loss on disposal asset and share capital increase from issued of newly ordinary shares in 2018 that affects premium on share decrease.



Obligations on Liabilities and Management of Off-balance Sheet Liabilities

Capital Commitments

As at 31 December 2018, the Company and its subsidiaries had commitments under the agreements and letters of intent for the costs of real estate development project, construction, interior services and purchase of equipment amounting to 2,373 million Baht (2017: 3,151 million Baht).

As at 31 December 2018 and 2017, the Company had commitments to pay the cost of land for new development project and related expenses amounting to 1,089 million Baht.

As at 31 December 2018 and 2017, the Company had deposit for purchase of land of 100 million Baht. Under the term of agreements to sell and purchase of land dated 4 January 2017 and amendment agreements dated 31 January 2017 and 21 February 2017, the ownership on such land shall be transferred to the Company when payments are made in full amount within 31 July 2017, otherwise the seller has the right to confiscate such deposit without any notice. The Company sent the intention letter to purchase of land dated 29 August 2017 to the seller and received the acknowledge letter from the seller dated 1 September 2017 for consideration of the Company's proposal without any mention of waiving its confiscation rights on such deposits. Based on the in-house legal counselor's opinion of the Company, the seller has the right to confiscate such deposit. However, as verbally discussed between the Company's management and the seller, with the Company going to 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.

Operating Lease and Service Commitments

As at 31 December 2018, a subsidiary had concession fee under the agreements in connection with the sale operations of foods and beverages at the Suvarnabhumi Airport with King Power Suvarnabhumi Co., Ltd. of 99 million Baht (2017: 133 million Baht).

As at December 31, 2018 and 2017, 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 4 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	
	2018	2017
Not later than 1 year	Baht 26 million and USD 26 million	Baht 69 million and USD 30 million
Later than 1 year and not later than 5 years	Baht 3 million and USD 97 million	Baht 57 million and USD 114 million
Later than 5 years	USD 46 million	USD 61 million
Total	Baht 29 million and USD 169 million	Baht 99 million and USD 205 million

In 2018, the Company had the obligation and commitment of 29 million Baht and USD 169 million decreased from 2017 from the retail rental of agreements from many stores were expired in 2018 and are on the process of renewal agreements. Besides, the conditions of some agreement are being considered which reflects the decrease of obligation, on the other hand, this will be good in the long term of the Company.



Management Outlook and Strategy

As of 31 December 2018, Details and progress of the Company's residential projects are as follows:

Despite the disposal of assets, the Company has remaining backlogs and inventory from the four property development projects in a total of 15,746 million Baht, which are in process of completion and expected to transfer as planned.

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	14,500	209	207 *	14,207	99	13,507	April 2016
MahaSamutr - Villa	Company	4,000	80	12	600	18	255	Q4 2017
Nimit Langsuan	Company	8,000	176	166	6,914	91	-	2019
Windshell Naradhiwas	YLP	3,000	36	10	792	28	-	2019

Remark: * In 2018, there were 75 residences recognized revenue (85 residences in 2017 and 33 residences in 2016). The remaining residences are expected to be transferred in 2019.

From the property development project as described above, the total revenue recognition is 15,700 million Baht. Thus, the Company determines to develop and transfer the on-going projects within one to two years. Moreover, the company considers pursuing further property development projects in accordance with the company's financial position.

MahaSamutr Project:

The construction in progress of MahaSamutr Villas are 100% completed. In 2018, the Company transferred the ownership of MahaSamutr project totaling of three villas and recognized revenues of 160 million Baht. The Company expects to be able to sell and transfer the remaining villas to its customers in 2019. Meanwhile, MahaSamutr Country Club and Sports Club are currently in the process of restructuring and expected to be completed and operated in 2019.

Nimit Langsuan and Windshell Naradhiwas Project:

Nimit Langsuan and Windshell Naradhiwas projects are in the process of construction as planned. Also, the Company received credit facilities from its financial institutions which are sufficient to complete the projects and is expected to transfer the ownership to its customers as well as recognize revenues in the second half of the year 2019.

Profit Generation Capability & Expansion Plan of DEAN & DELUCA

United States

In 2018, Dean & DeLuca, Inc. had the obligation to change its business strategies due to the business's high loss in 2017 by reducing costs and maintaining sales. The company has closed 4 stores while retained the 6 performing stores. In addition, the company has relocated its Head Office to the Soho branch; the heritage store of Dean & DeLuca brand. The Head Office at Wichita, Kansas as well as the Warehouse have been moved to smaller locations. The company has made certain that various supporting departments have the Right sizing including Finance & Accounting, Human Resources, B2B, Call Center, Warehouse & Logistics and so forth. There has been collaboration with Co-Packer for the operation of Outsource Warehouse Manipulation, in order to effectively pack Private Label products and strengthen the business of Private Label Brand by reducing costs leading to a lower loss from the year 2017 at 1,755 million Baht.



Changing Strategies and Product Ratio

Expansion of food and beverages products has proportionately grown. Diverse gourmet recipes are introduced to stores to create a more appealing culinary experience. Soups are outsourced from premium outside vendors for a wider variety for customers resulting in soups being one of the Top 5 product category in the Weekly Sales. Moreover, the company has enhanced the Grab and Go product category such as Sandwich, Soup, Prepared Food and Cut Fruits for customers group that are always on the go.

Food Production Control at Commissary

The relocation, downsizing and closing down the main kitchen at store has led to the new Commissary. The new Commissary is the central location in producing Prepared Food, Cut Fruits, Private Label Juice Drink Program, Pastry, Bakery and Cake. The strategy has increased the effectiveness in supporting Catering sales and provided high quality products to customers, and ultimately to generate efficiency and better manage product costs.



Private Label Product Development

The introduction of a new beverage, Kombucha under the brand Dean & DeLuca has demonstrated that Dean & DeLuca is one of the trendsetters in beverage category. Additionally, the company has marketed Roasted Coffee Beans including Single Origin, a popular and most sought after product in the market, which are available in a variety of Blends for all coffee lovers. In order to increase sales in the Grab & Go category, the team has proffered Candies Chocolates & Nuts in cello packaging set at suitable prices for customers to browse through without having to weigh each bag prior each purchase.

B2C

The B2C Membership Program functions in a subscription method that works either monthly or annually. The program allows customers to buy exclusively selective products handpicked by Dean & DeLuca, the purveyor of fine foods, without the hassle of visiting stores; but via our e-commerce. This strategy will increase active members and consistently escalate sales.

Factors Affecting Future Performance

Real Estate Business:

The rising cost of land becomes a considerable factor that affects the Company decision in investing in land at the any given locations to develop future property development projects. The regulation of tax on land and building, which has recently implemented, could affect purchasing or investing decision. However, it is in the Company great interest to review the up and coming high-end/luxury property development outlook in a near future. By doing so the Company places great emphasis on the ultra-luxury segment as it leverages on the existing group of high-end customers who trust in the product delivery of the Company. The Company is confident that these efforts shall derive in recurring income from the property development business.

Food and Beverages Business:

The factors that could affect the future of food and beverage business are growing sophistication in consumer demand and rapid increase of online business. The number of store visits by customers could be on a decline replaced by e-commerce. With this Dean & DeLuca has initiated the B2C Membership Program functions in a subscription method that works either monthly or annually. The program allows customers to buy exclusively selective products handpicked by Dean & DeLuca, the purveyor of fine foods, without the hassle of visiting stores; but via our e-commerce. This strategy will increase active members and consistently escalate sales.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of PACE Development Corporation Public Company Limited composed of 3 independent directors: Mrs. Ladda Siriwattanakosol 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 2018, the Company's Audit Committee held 7 meetings. There are 6 meetings in which all committee fully attended the meeting and there is 1 meeting that Mr. Prasert Patradhilok did not attend the meeting. Whereby the committee consulted the management, the external auditor and internal auditor on related matters as well as non-executive directors as needed necessary. The summary of the significant details were following below:

01 REVIEW OF ACCURACY OF FINANCIAL STATEMENTS

The Audit Committee reviewed and consented the Quarterly and Annual Financial Statement 2018 of the Company and its Subsidiaries prior to propose them to the Board of Directors for consideration and approval. 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. In addition, the Auditors have audited and issued their opinions independently with good support from the Company and it held one meeting with the external auditors in the absence of the management to discuss the auditors freedom for carrying out its duties.

02 THE RELATED TRANSACTIONS OR POTENTIAL CONFLICT OF INTEREST TRANSACTIONS

The Audit Committee considered and provided opinions about related transactions or transactions that might give rise to a conflict of interest with the Company and its subsidiaries, prior to report to the Board of Directors or shareholders as specified, with the principles of integrity, rationality, transparency and taking the interest of the Company and stakeholders into account. Information was sufficiently disclosed and consistent with the Good Governance policy and the regulations imposed by the Stock Exchange of Thailand.

03 REVIEW AND EVALUATION SUFFICIENCY OF INTERNAL CONTROL SYSTEMS

The Audit Committee reviewed the annual internal audit plan which was prepared to assess internal controls and risk management processes of each corporate function, and set the targeted audit work scope that covers all material aspects. Whereby a review of the internal audit reports performed by the Audit Committee, regularly on a quarterly basis, and The Audit Committee has an opinion that the Company had been operating sufficiency and appropriately of the internal control systems.

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

The Audit Committee reviewed laws and regulations according to Securities and Exchange Commission, Stock Exchange of Thailand, and any other relevant laws relating to the Company's and Audit Committee is of the opinion that there is no significant irregularity or non-compliance that may affect the Company's reputation and financial position.

05 **GOOD CORPORATE GOVERNANCE**

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

06 **CONSIDERATION OF SELECTING OF THE AUDITORS**

The Audit Committee reviewed the auditors' qualifications, business knowledge and experiences, as well as appropriateness of the compensation packages given to such auditors 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 EY Office Company Limited are independent and properly function as auditors according to the standards in audit profession.

07 **THE AUDIT COMMITTEE'S PERFORMANCE ASSESSMENT**

The Audit Committee's performance assessment was conducted annually. The outcome of the evaluation revealed that the Committee has fully complied with its assigned duties and responsibilities, and has applied its skills, knowledge, and proficiency with prudent and sufficient independence in judgment.

MRS. LADDA SIRIWATTANAKOSOL
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 2018, the Risk Management Committee held 2 meetings, where all members participated. The main meeting agenda is summarized below.

01 **REVIEW THE RISK MANAGEMENT POLICY AND THE RISK ASSESSMENT OF THE YEAR 2018**

The Risk Management Committee reviewed the Company's policy and risk assessment to assure that the policy remains applicable and suitable for the Company's present business operations. And closely monitor any changes in the risk indicators to ensure that the management is properly using this information to determine the appropriate risk management measures.

02 **REVIEW THE CHARTER OF RISK MANAGEMENT COMMITTEE**

The Risk Management Committee considered amending the charter of the Risk Management Committee, which have to be reviewed at least once a year.

03 **THE RISK MANAGEMENT COMMITTEE PERFORMANCE ASSESSMENT WAS CONDUCTED ANNUALLY**

The Risk Management Committee found that the scope and duties are in accordance with the Charter of The Risk Management Committee. The Risk Management Committee has responsibilities as assigned by using of knowledge, capability, caution and independent. There is no limitation in obtaining information from the management.

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; Mr. Wisit Kanjanopas (Chairman of Nomination and Remuneration Committee), Mr. Prasert Patradhilok, Mrs. Ladda Siri Wattanakosol and 2 executive directors; Mr. Sorapoj Techakraisri and Mr. Chotipol Techakraisri.

The Nomination and Remuneration Committee has carried out the duty as specified in the charter. In 2018, the Nomination and Remuneration Committee held 2 meetings. The substantial summary of its performance is as follows;

01 **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.

03 **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.

02 **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.

04 **CONSIDERING REMUNERATION OF EXECUTIVE LEVEL FOR YEAR OF 2018**

The Nomination and Remuneration Committee has considered the guideline for remuneration and benefits of the executive level such as Chief Executive Officer 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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pace Development Corporation Public Company Limited

Qualified Opinion on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Pace Development Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Pace Development Corporation Public Company Limited for the same period.

In my opinion, except for the possible effects on the matter described in the Basis for Qualified Opinion on the Consolidated Financial Statements section of my report, the financial statements referred to above present fairly, in all material respects, the financial position of Pace Development Corporation Public Company Limited and its subsidiaries and of Pace Development Corporation Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion on the Consolidated Financial Statements

As described in Note 12.1.2 to the consolidated financial statements, in April 2018, the Company together with Pace Project One Co., Ltd., Pace Project Three Co., Ltd. and a director of the Company entered into the Asset Sale and Purchase Agreement with an unrelated company to dispose of assets belonging to such two companies, which the major assets included the hotel, observation deck, and retail cube building for a total of Baht 14,000 million. In addition, the Company and the two companies entered into the Investment Buy-Out Agreement to purchase shares of the two companies from the joint investors in accordance with the resolution passed by the Meeting of the Company's Board of Directors

on 28 March 2018. As a result of the assets disposal and shares acquisition transactions, the Company recognised loss on disposal of assets totaling Baht 3,533 million in the consolidated statement of comprehensive income for the year ended 31 December 2018.

As at 31 December 2017, these two companies were joint ventures, and their asset values were consequently reflected in the carrying values of these investments in joint ventures, amounting to Baht 6,487 million, which are presented as part of investments in joint ventures as presented in the consolidated statement of financial position as at 31 December 2017, amounting to Baht 6,703 million. The carrying values of these investments were measured at fair value, determined by an independent financial advisor using the income approach and the Black-Scholes option pricing model, due to the loss of control of the subsidiaries during 2017. The above auditor was unable to obtain sufficient appropriate audit evidence regarding the fair value of such investments because there was a significant uncertainty with respect to the estimation of income from the observation deck, due to the fact that the construction was yet to be completed, meaning there were no actual comparable commercial operations, and the business was new in the Thai market. As a result in the other auditor's report dated 28 February 2018, the other auditor expressed a qualified opinion on the consolidated statements of financial position as at 31 December 2017 with respect to the fair value of the investments and expressed a disclaimer opinion on the consolidated statement of comprehensive income for the year then ended with respect to the recognition of the impact from the loss of control of the subsidiaries, amounting to Baht 7,113 million.

Subsequently, during the second quarter of 2018, the Company acquired more shares in both companies and, as a result, they became the Company's subsidiaries, meaning their asset values were reflected in the carrying value of the assets of the Group in the consolidated financial statements. The Group then sold the assets to an unrelated company. However, as the above limitations imposed by circumstance still exist, I was unable to obtain sufficient appropriate audit evidence relating

to the carry values of the assets of the two subsidiaries, which were used to determine the loss on disposal of assets of the two subsidiaries of Baht 3,533 million that is presented in the consolidated statements of comprehensive income for the year ended 31 December 2018, as previously mentioned.

I am, therefore, unable to determine whether and to what extent any adjustments are required to the impact of the disposal of the assets of the two companies during the second quarter of 2018 and the impact of the fair value measurement of investments in joint ventures in 2017. If adjustments are necessary, they would have an impact on the loss on disposal of assets and comprehensive income presented in the consolidated statements of comprehensive income for the year ended 31 December 2018, and on the impact of loss of control in the two subsidiaries during the second quarter of 2017, as presented in the consolidated statements of comprehensive income for the year ended 31 December 2017, and on the investments in joint ventures and retained earnings, as presented in the consolidated statements of financial position as at 31 December 2017.

I conducted my audit 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 Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion on the consolidated financial statements.

Emphasis of Matter

I draw attention to the matters described in notes to the consolidated financial statements as follows:

Note 1. c), the Group has had persistent operating losses and as at 31 December 2018, the Group's total current liabilities exceeded its total current assets by Baht 6,158 million and it had a deficit of Baht 9,971 million. The Group's ability to continue its operations as a going concern depends on the success of negotiations to reschedule loan payments and find sources of funds, and full implementation of plans to change the Group's strategy and future operations. These circumstances may give rise to significant doubts as to the Group's ability to continue its operations as a going concern.

Note 1. d), as at 31 December 2018, the Group had goodwill of Baht 2,444 million and had trademark and trade name and franchise agreements totaling Baht 1,861 million. The management assessed the impairment loss on the assets by comparing the carrying value of the cash generating units and the realisable value of the assets. It was noted that no additional provision on loss on impairment was required to be set up. However, the realisable value is not certain, subject to several factors and future situations.

My opinion is not qualified in respect of these matters.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matter described in the Basis for Qualified Opinion on the Consolidated Financial Statements section, key audit matters and how audit procedures respond to each matter are described below.

Assessment of impairment loss on goodwill, trademark and trade name and franchise agreements

As at 31 December 2018, the Group had goodwill derived from business combination by acquisition method of food and beverage business totaling Baht 2,444 million, representing 11% of total assets, which is significant account. The Group also had trademark and trade name and franchise agreements in food and beverage business totaling Baht 1,861 million, representing 9% of total assets, which is significant account. In addition, the impairment assessment on goodwill, trademark and trade name and franchise agreements is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating unit, estimating the net recoverable of assets value including

estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate which will be affected by changes of future economic and market. Hence, I focused on this area.

I assessed identification of cash generating units and the financial models selected by the Group's management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilized. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections with the actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections and also evaluate the discount rate applied by the Group's management through analysis of the average costs of the Group and of the industry, testing the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates.

Capital expenditures capitalised into projects costs

In 2018, the Group recorded cost of real estate development for sales amounting to Baht 1,863 million which comprised of land development costs and construction costs amounting to Baht 1,689 million and borrowing costs amounting to Baht 174 million, as discussed in Note 11 to the consolidated financial statements. As those transactions were highly significant to the financial statements, I focused my audit on the correctness of project cost recognition in compliance with financial reporting standards.

I assessed the internal controls of the Group relevant to purchases and payments, as well as the preparation of financial reports, and selected sample transactions to audit the supporting documents for additional costs, including tests of calculation and checks of the recording of borrowing costs as cost of real estate development for sales. In addition, I reviewed the disclosure of information relating to cost of real estate development for sales in the note to the consolidated financial statements.

Compliance with covenants stipulated in loan/debenture agreements

As at 31 December 2018, the Group had loans from financial institutions and debentures totaling Baht 10,096 million, 50% of total liabilities (Separate financial statements: Baht 7,212 million, 34% of total liabilities), which are significant accounts. Under the loan/debenture agreements, the Group needs to comply with certain covenants, as discussed in Note 22 and Note 23 to the consolidated financial statements. If the Group is unable to comply with those covenants, it may result in the loans and debentures being called by the lenders/ debenture holders, and the reclassification of the liabilities from non-current liabilities to current liabilities, impacting on the going concern of the Group.

I read the loan/debenture agreements and gained an understanding of and assessed the process by which compliance with the covenants specified in the contracts is monitored by management. I also examined documentation related to compliance with both the non-financial and financial covenants, including testing the financial ratio calculations, and whether they complied with the covenants in the loan/debenture agreements. In addition, I reviewed the disclosure of information in the agreements in the notes to the consolidated financial statements.

Other Matter

The consolidated statement of financial position of Pace Development Corporation Public Company Limited and its subsidiaries as at 31 December 2017, presented as comparative information, was audited by another auditor who expressed a qualified opinion regarding the fair value of the investments in the two joint ventures, under her report dated 28 February 2018.

The consolidated statements of comprehensive income for the year ended 31 December 2017, changes in shareholders' equity and cash flows for the year then ended of Pace Development Corporation Public Company Limited and its subsidiaries, presented as comparative information, were audited by the aforementioned auditor, who expressed a disclaimer opinion on the consolidated statement of comprehensive income because of the significant uncertainties of the estimation of income from the observation deck, under her report dated 28 February 2018.

The separate financial statements of Pace Development Corporation Public Company Limited as at 31 December 2017, presented as comparative information, was audited by the aforementioned auditor, who expressed an unqualified opinion on those statements, under her report dated 28 February 2018.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are

based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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 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.

I am responsible for the audit resulting in this independent auditor's report.



Siraporn Ouuanunkun
Certified Public Accountant (Thailand) No. 3844

EY Office Limited
Bangkok: 28 February 2019

Pace Development Corporation Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets					
Current assets					
Cash and cash equivalents	7	1,278,058,142	1,202,394,010	839,929,219	127,705,749
Savings deposit with specific purpose	7	-	-	-	929,214
Current investments	8	6,933,495	9,845,971	6,933,495	9,845,971
Trade and other receivables	9	886,724,539	140,012,233	792,886,105	199,943,291
Inventories	10	167,772,536	216,397,062	-	-
Cost of real estate development for sales	11	9,556,362,026	12,347,075,663	7,467,150,841	6,738,726,131
Advance payments for construction		405,614,892	117,139,388	361,868,480	4,387,911
Advance payments for purchase of goods		28,502,863	-	-	-
Refundable value added tax		16,327,807	84,470,591	20,161	-
Other current assets		109,913,052	224,746,757	4,946,376	46,842,856
Other current assets held for sale	13.1	262,603,511	-	-	-
Total current assets		12,718,812,863	14,342,081,675	9,473,734,677	7,128,381,123
Non-current assets					
Restricted savings deposit and current accounts		31,819,800	100,393,353	40,175	47,437,720
Investments in subsidiaries	12	-	-	8,392,438,341	2,631,790,120
Investments in joint ventures	13.1	-	6,703,218,719	-	97,784,461
Accrued management fee income from related parties	6	-	106,466,000	321,701,600	289,106,000
Long-term loans to related parties and interest receivables	6	135,839,230	2,043,075,648	6,340,034,354	8,519,968,641
Rights to use assets	14	10,243,160	16,121,703	-	-
Advance payment for purchase of land		100,000,000	100,000,000	100,000,000	100,000,000
Advance payments for construction		-	312,660,870	-	177,853,072
Properties for lease	15	-	-	652,097,276	659,810,600
Property, plant and equipment	16	3,616,257,549	3,514,547,211	23,437,509	81,273,871
Goodwill	17	2,444,339,231	2,551,225,418	-	-
Other intangible assets	18	1,870,430,503	1,981,475,430	2,631,045	4,373,481
Deferred tax assets	30	268,755,663	414,554,995	180,302,361	228,188,855
Other non-current assets		415,377,146	236,805,521	50,908,546	22,293,552
Total non-current assets		8,893,062,282	18,080,544,868	16,063,591,207	12,859,880,373
Total assets		21,611,875,145	32,422,626,543	25,537,325,884	19,988,261,496

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

Pace Development Corporation Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	19	3,058,563,439	4,340,703,635	2,445,531,793	3,725,533,425
Bills of exchange payables	20	176,872,943	698,075,673	-	450,400,053
Trade and other payables	21	2,648,353,235	3,369,965,594	549,418,054	1,007,653,642
Payable for purchase of land		101,412,000	101,412,000	101,412,000	101,412,000
Current portion of long-term loans from financial institutions	22	8,062,656,554	4,830,929,732	5,997,672,524	1,799,928,723
Current portion of debentures	23	1,252,665,567	4,526,925,146	1,213,829,390	4,526,925,146
Current portion of long-term loans from other persons and					
other companies	24	245,294,521	30,000,000	-	30,000,000
Current portion of liabilities under finance lease agreements		2,670,295	2,947,874	2,316,744	2,660,542
Short-term loans from related parties and					
interest payables	6	85,667,472	121,229,595	-	-
Advances and deposits received from customers		3,049,571,490	1,535,822,398	2,293,549,164	287,106,685
Income tax payable		94,639,514	3,067,697	-	-
Other current liabilities		98,153,591	398,175,783	22,749,902	15,776,965
Total current liabilities		18,876,520,621	19,959,255,127	12,626,479,571	11,947,397,181
Non-current liabilities					
Deposits received from customers		84,110,160	2,109,117,506	-	1,935,761,476
Other non-current payables - joint ventures	6	-	437,122,868	-	-
Long-term loans from related parties and interest payables	6	-	529,036,875	8,316,158,835	-
Long-term loans from financial institutions					
- net of current portion	22	781,173,173	4,714,291,421	-	1,437,460,905
Long-term loans from other persons and other companies					
- net of current portion	24	-	490,589,042	-	-
Liabilities under finance lease agreements - net of current portion		611,040	3,118,906	499,676	2,824,231
Deferred tax liabilities	30	182,143,900	1,594,215,726	-	-
Provision for long-term employee benefits	25	15,417,823	18,273,281	13,081,604	15,999,452
Other non-current liabilities		406,837,867	305,671,897	43,151,129	102,062,182
Total non-current liabilities		1,470,293,963	10,201,437,522	8,372,891,244	3,494,108,246
Total liabilities		20,346,814,584	30,160,692,649	20,999,370,815	15,441,505,427

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

Pace Development Corporation Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital	26				
Registered					
16,782,648,000 ordinary shares of Baht 1 each		<u>16,782,648,000</u>	<u>16,782,648,000</u>	<u>16,782,648,000</u>	<u>16,782,648,000</u>
Issued and fully paid-up					
12,038,690,872 ordinary shares of Baht 1 each					
(31 December 2017: 3,758,028,197 ordinary shares of Baht 1 each)		12,038,690,872	3,758,028,197	12,038,690,872	3,758,028,197
Share premium (discount)	26	(255,321,601)	3,846,808,395	(255,321,601)	3,846,808,395
Other reserve		234,718,370	234,718,370	-	-
Deficit from the changes in the ownership interests in subsidiaries		(680,445,857)	(676,369,870)	-	-
Deficit from business combination under common control		(324,475,349)	(324,475,349)	-	-
Retained earnings (Deficit)					
Appropriated - statutory reserve		15,643,231	15,643,231	15,643,231	15,643,231
Deficit		(9,971,095,943)	(4,822,496,023)	(7,261,057,433)	(3,073,723,754)
Other components of shareholders' equity		<u>207,345,738</u>	<u>215,084,993</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company		1,265,059,461	2,246,941,944	4,537,955,069	4,546,756,069
Non-controlling interests of the subsidiaries		<u>1,100</u>	<u>14,991,950</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>1,265,060,561</u>	<u>2,261,933,894</u>	<u>4,537,955,069</u>	<u>4,546,756,069</u>
Total liabilities and shareholders' equity		<u>21,611,875,145</u>	<u>32,422,626,543</u>	<u>25,537,325,884</u>	<u>19,988,261,496</u>

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

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Directors

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Pace Development Corporation Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
Profit or loss:				
Revenues				
Revenue from sales of land and houses and residential condominium units	6,114,973,642	5,923,764,951	159,237,382	96,500,903
Revenue from sales of merchandises, foods and beverages	2,434,118,681	3,141,698,857	-	-
Rental and service income	-	16,731,780	-	-
Revenue from trademark and trade name fees	43,626,652	32,077,178	-	-
Interest income	146,424,786	103,620,050	628,816,930	662,484,825
Management fee income	3,174,410	25,164,606	55,570,210	89,588,010
Other income				
Procurement income from disposal of assets	12.1.2	-	1,200,000,000	-
Reversal of net impairment in subsidiaries	12.1.2	-	321,652,180	-
Others		71,134,345	10,359,803	4,926,011
Total revenues	8,813,452,516	9,270,887,190	2,375,636,505	853,499,749
Expenses				
Cost of sales of land and houses and residential condominium units	4,653,998,122	4,451,245,960	138,621,440	102,725,458
Cost of sales of merchandises, foods and beverages	1,297,550,360	1,658,267,989	-	-
Cost of rental and service	-	28,702,575	-	-
Selling expenses	2,146,233,093	3,304,396,951	22,486,651	48,565,647
Administrative expenses	1,528,167,306	2,651,759,541	563,810,728	836,814,046
Loss on impairment of investments and long-term loans to subsidiaries and interest receivables	-	-	5,222,071,033	37,849,621
Loss on impairment of investments and long-term loans to a joint venture and interest receivables	-	1,634,000,000	-	1,829,568,922
Loss on impairment of assets	-	585,184,960	-	109,000,000
Loss on disposal of assets	12.1.2	3,532,841,239	-	-
Total expenses	13,158,790,120	14,313,557,976	5,946,989,852	2,964,523,694
Profit (loss) before share of loss from investments				
in joint ventures, finance cost and income tax	(4,345,337,604)	(5,042,670,786)	(3,571,353,347)	(2,111,023,945)
Effect from loss of control in subsidiaries	-	7,112,643,171	-	-
Share of loss from investments in joint ventures	(46,703,406)	(4,515,999)	-	-
Profit (loss) before finance cost and income tax	(4,392,041,010)	2,065,456,386	(3,571,353,347)	(2,111,023,945)
Finance cost	(809,571,706)	(975,967,000)	(575,592,804)	(640,660,784)
Profit (loss) before income tax	(5,201,612,716)	1,089,489,386	(4,146,946,151)	(2,751,684,729)
Income tax	30	48,802,848	(918,081,156)	(46,386,701)
Profit (loss) for the year	(5,152,809,868)	171,408,230	(4,193,332,852)	(2,698,055,544)
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency		(7,739,255)	(168,553,761)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(7,739,255)	(168,553,761)	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gain		8,644,157	4,331,660	7,498,966
Less: Income tax effect		(1,728,831)	(866,332)	(1,499,793)
		6,915,326	3,465,328	5,999,173
Revaluation surplus on land		-	262,523,549	-
Less: Income tax effect		-	(52,504,710)	-
		-	210,018,839	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		6,915,326	213,484,167	5,999,173
Other comprehensive income for the year		(823,929)	44,930,406	2,871,501
Total comprehensive income for the year		(5,153,633,797)	(4,187,333,679)	(2,695,634,043)

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

Pace Development Corporation Public Company Limited and its subsidiaries
Statement of comprehensive income (continued)
For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
Note	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit (loss) attributable to:				
Equity holders of the Company	(5,155,515,246)	171,117,480	(4,193,332,852)	(2,698,505,544)
Non-controlling interests of the subsidiaries	<u>2,705,378</u>	<u>290,750</u>		
	<u>(5,152,809,868)</u>	<u>171,408,230</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	(5,156,339,175)	216,047,886	(4,187,333,679)	(2,695,634,043)
Non-controlling interests of the subsidiaries	<u>2,705,378</u>	<u>290,750</u>		
	<u>(5,153,633,797)</u>	<u>216,338,636</u>		
Earnings per share				
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company	<u>(0.466)</u>	<u>0.046</u>	<u>(0.379)</u>	<u>(0.718)</u>

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

Pace Development Corporation Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Other components of equity												
	Issued and fully paid-up share capital	Share premium (discount)	Other reserve	Deficit from the changes in the ownership interests in subsidiaries	Deficit from business combination under common control	Retained earnings (Deficit)	Statutory reserve	Exchange differences on translation of financial statements in foreign currency	Other comprehensive income				
									Income tax relating to other components of equity	Surplus on revaluation of land	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries
Balance as at 1 January 2017	3,758,028,197	3,846,808,395	483,167,988	(1,064,004,042)	(324,475,349)	15,643,231	(5,179,576,734)	173,619,915	-	173,619,915	1,689,211,601	1,100	1,689,212,701
Profit for the year	-	-	-	-	-	-	171,117,480	-	-	-	171,117,480	290,750	171,408,230
Other comprehensive income for the year	-	-	-	-	-	3,465,328	(168,553,761)	262,523,549	(52,504,710)	41,465,078	44,930,406	-	44,930,406
Total comprehensive income for the year	-	-	-	-	-	-	174,582,808	262,523,549	(52,504,710)	41,465,078	216,047,886	290,750	216,338,636
Increase in non-controlling interests from increase in preferred shares of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests from investment in a new subsidiary	-	-	-	-	-	-	-	-	-	-	-	7,783,200,000	7,783,200,000
Transaction costs relating to increase of preferred shares in subsidiaries which recognised to equity	-	-	-	-	-	-	-	-	-	-	-	14,700,100	14,700,100
Effect from loss of control in subsidiaries	-	-	(228,449,618)	387,634,172	-	-	(45,951,715)	-	-	-	(45,951,715)	-	(45,951,715)
Balance as at 31 December 2017	3,758,028,197	3,846,808,395	234,718,370	(676,369,870)	(324,475,349)	15,643,231	(4,822,496,023)	5,066,154	262,523,549	(52,504,710)	387,634,172	(7,783,200,000)	(7,395,565,828)
Balance as at 1 January 2018	3,758,028,197	3,846,808,395	234,718,370	(676,369,870)	(324,475,349)	15,643,231	(4,822,496,023)	5,066,154	262,523,549	(52,504,710)	2,246,941,944	14,991,950	2,261,933,894
Profit (loss) for the year	-	-	-	-	-	-	(5,155,515,246)	-	-	-	(5,155,515,246)	2,705,378	(5,152,809,868)
Other comprehensive income for the year	-	-	-	-	-	-	6,915,326	(7,739,255)	-	(7,739,255)	(823,929)	-	(823,929)
Total comprehensive income for the year	-	-	-	-	-	-	(5,148,599,920)	-	-	-	(5,156,339,175)	2,705,378	(5,153,633,797)
Issuance of new ordinary shares (Note 26)	8,280,682,675	(4,102,129,996)	-	-	-	-	(5,148,599,920)	-	-	-	4,178,532,679	-	4,178,532,679
Purchase of investments in a subsidiary (Note 12.2.1)	-	-	-	-	-	-	-	-	-	-	(4,075,987)	(17,698,228)	(21,774,215)
Balance as at 31 December 2018	12,038,690,872	(255,321,601)	234,718,370	(680,445,857)	(324,475,349)	15,643,231	(9,971,095,943)	(2,673,101)	262,523,549	(52,504,710)	1,265,059,461	1,100	1,265,060,561

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

Pace Development Corporation Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				Total Shareholders' equity
	Issued and paid-up share capital	Share premium (discount)	Retained earnings (Deficit) Appropriated	Deficit	
Balance as at 1 January 2017	3,758,028,197	3,846,808,395	15,643,231	(378,089,711)	7,242,390,112
Loss for the year	-	-	-	(2,698,505,544)	(2,698,505,544)
Other comprehensive income for the year	-	-	-	2,871,501	2,871,501
Total comprehensive income for the year	-	-	-	(2,695,634,043)	(2,695,634,043)
Balance as at 31 December 2017	<u>3,758,028,197</u>	<u>3,846,808,395</u>	<u>15,643,231</u>	<u>(3,073,723,754)</u>	<u>4,546,756,069</u>
Balance as at 1 January 2018	3,758,028,197	3,846,808,395	15,643,231	(3,073,723,754)	-
Profit for the year	-	-	-	(4,193,332,852)	(4,193,332,852)
Other comprehensive income for the year	-	-	-	5,999,173	5,999,173
Total comprehensive income for the year	-	-	-	(4,187,333,679)	(4,187,333,679)
Issuance of new ordinary shares (Note 26)	8,280,662,675	(4,102,129,996)	-	-	4,178,532,679
Balance as at 31 December 2018	<u>12,038,690,872</u>	<u>(255,321,601)</u>	<u>15,643,231</u>	<u>(7,261,057,433)</u>	<u>4,537,955,069</u>

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

Pace Development Corporation Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax	(5,201,612,716)	1,089,489,386	(4,146,946,151)	(2,751,684,729)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Increase (reversal) in allowance for doubtful accounts	82,390,389	1,633,983,032	821,080,311	1,661,849,621
Reversal of allowance for decline in value of inventories	(4,546,850)	(1,178,430)	-	-
Decline in value of cost of real estate development for sales	(27,900,000)	163,900,000	-	124,100,000
Depreciation and amortisation	245,222,655	282,786,114	26,030,902	35,740,227
Leasehold improvements and equipment written-off	74,634,835	53,520,003	37,088,626	1,299,737
Intangible assets write-off	-	28,200	-	-
Amortisation of deferred front-end fee and deferred debenture issuing costs	126,007,391	-	14,871,716	-
Loss on impairment of leasehold improvements and equipment	1,969,910	-	-	-
Gain on sales of current investments	(60,380)	(141,898)	(60,380)	(141,898)
Loss (gain) on sales of leasehold improvements and equipment	1,401,307	(705,550)	(219,484)	(692,713)
Provision for long-term employee benefits	6,219,167	5,221,123	4,581,118	4,563,518
Unrealised loss on exchange rate	(238,190)	1,212,391	14,482,271	208,892,455
Unrealised gain on changes in value of current investments	(27,144)	(8,892)	(27,144)	(8,892)
Effect from loss of controls in subsidiaries	-	(7,112,643,171)	-	-
Loss on impairment of goodwill	92,684,448	561,442,746	-	-
Share of loss from investments in joint ventures	46,703,406	4,515,999	-	-
Loss on impairment of investments in subsidiaries and joint ventures	-	-	4,079,338,540	205,568,922
Loss on disposal of asset	3,532,841,244	-	-	-
Rental deposit written-off	1,100,000	-	1,100,000	-
Provision for compensation for customer	(12,626,157)	-	7,006,283	-
Interest income	(146,424,786)	(103,620,050)	(628,816,930)	(662,484,825)
Interest expenses	683,564,315	975,967,000	560,721,089	640,660,784
Profit (loss) from operating activities before changes in operating assets and liabilities	(498,697,156)	(2,446,231,997)	790,230,767	(532,337,793)
Operating assets (increase) decrease				
Trade and other receivables	497,463,394	(39,121,531)	(589,019,764)	(71,560,463)
Inventories	53,171,376	80,789,249	-	-
Cost of real estate development for sales	2,615,597,297	2,036,805,707	(1,085,020,144)	(969,742,857)
Advance payments for construction	55,599,242	251,659,187	(179,627,497)	188,683,461
Refundable value added tax	211,252,982	(40,717,491)	(20,161)	1,470,280
Other current assets	48,136,215	(137,554,474)	41,896,480	(43,276,222)
Accrued management fee income from related parties	(2,599,800)	(7,799,400)	(32,595,600)	(49,106,000)
Advance payment for purchase of land	-	(100,000,000)	-	(100,000,000)
Other non-current assets	(23,697,259)	(722,045)	(157,324)	(1,574,482)
Operating liabilities increase (decrease)				
Trade and other payables	(766,238,025)	550,604,278	23,521,515	21,996,234
Advances and deposits received from customers	(564,463,259)	(924,958,222)	128,453,016	464,266,531
Other current liabilities	(367,451,790)	132,650,074	(33,346)	39,287,975
Other non-current liabilities	101,165,970	191,254,947	(58,911,053)	-
Cash flows from (used in) operating activities				
Cash paid for long-term employee benefits	(430,468)	(98,036)	-	-
Cash paid for interest expenses	(954,967,453)	(865,281,955)	(557,435,688)	(694,601,082)
Cash paid for income tax	(262,593,708)	(89,082,412)	(29,906,322)	(9,981,986)
Cash received from interest income	5,693,358	8,673,840	2,828,065	812,540,009
Cash received from corporate income tax	71,183,385	-	-	-
Net cash flows from (used in) operating activities	218,124,301	(1,399,130,281)	(1,545,797,056)	(943,936,395)

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

Pace Development Corporation Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Effect from loss of controls in subsidiaries	-	4,998,691,446	-	-
Decrease (increase) in investments in subsidiaries	(8,491,144,073)	14,700,100	(9,742,202,300)	-
Decrease (increase) in savings deposit with specific purpose	-	-	929,214	(929,214)
Decrease (increase) in restricted savings deposit and current accounts	142,596,102	116,900,543	47,397,545	(8,125,117)
Purchases of investments in a subsidiary	(21,772,215)	-	-	-
Increase in investment in joint venture	(58,800,000)	-	-	-
Increase in non-controlling interests from investment in a new subsidiary	-	-	-	-
Proceeds from sales of current investments	3,000,000	35,000,000	3,000,000	35,000,000
Increase in short-term loans to subsidiaries and related person	-	(75,000,000)	-	(1,381,895,620)
Cash received from short-term loans to subsidiaries and related person	-	75,000,000	-	6,000,000
Increase in long-term loans to related parties	-	(566,165,256)	(3,600,933,666)	(2,909,128,022)
Cash received from long-term loans to related parties	-	-	5,570,446,224	6,172,030,603
Purchases of leasehold improvements and equipment	(157,638,187)	(1,203,020,139)	(991,191)	(26,384,590)
Proceeds from sales of leasehold improvements and equipment	1,441,283	-	1,314,078	-
Proceeds from sales of assets	11,031,503,812	20,125,339	-	74,548
Purchases of other intangible assets	(7,143,199)	(13,625,565)	(426,042)	(1,077,900)
Decrease in advance payments for construction	-	124,777,698	-	-
Cash paid for rights to use assets	-	(22,795,050)	-	-
Increase in properties for lease	-	(9,699,981)	-	-
Net cash flows from (used in) investing activities	2,442,043,523	3,494,889,135	(7,721,466,138)	1,885,564,688
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(1,282,460,910)	3,243,063,469	(1,281,668,299)	3,227,200,092
Increase in bills of exchange payables	1,295,000,000	1,972,000,000	1,115,000,000	1,560,000,000
Cash paid for bills of exchange payables	(1,820,000,000)	(5,774,000,000)	(1,570,000,000)	(5,512,000,000)
Cash received from short-term loans from related parties	-	123,078,598	-	-
Cash received from long-term loans from related parties	-	849,537,119	8,347,547,565	-
Cash paid for long-term loans from related parties	(838,000,000)	-	(205,620,244)	-
Cash received from long-term loans from financial institutions	2,904,040,583	4,410,520,145	2,800,040,582	1,017,846,915
Cash paid for long-term loans from financial institutions	(3,688,994,536)	(6,417,112,268)	(48,677,266)	(1,051,322,734)
Cash received from debentures	40,000,000	1,219,000,000	-	1,219,000,000
Cash paid for debentures	(3,323,000,000)	(1,400,000,000)	(3,323,000,000)	(1,400,000,000)
Cash received from long-term loans from other persons and other companies	-	500,000,000	-	-
Cash paid for long-term loans from other persons and other companies	(33,520,000)	(57,263,025)	(30,000,000)	-
Cash paid for liabilities under finance lease agreements	(2,926,687)	(6,567,794)	(2,668,353)	(3,385,661)
Cash received from increase of share capital	4,184,331,434	-	4,184,331,434	-
Transaction costs relating to increase in share capital	(5,798,755)	-	(5,798,755)	-
Transaction costs relating to increase in preferred shares in subsidiaries	-	(45,951,716)	-	-
Cash paid for front-end fee and debenture issuing costs	(7,816,607)	(202,124,297)	-	(57,456,168)
Net cash flows from (used in) financing activities	(2,579,145,478)	(1,585,819,769)	9,979,486,664	(1,000,117,556)
Increase in translation adjustment	(5,358,214)	-	-	-
Net increase (decrease) in cash and cash equivalents	75,664,132	509,939,085	712,223,470	(58,489,263)
Cash and cash equivalents at beginning of year	1,202,394,010	692,454,925	127,705,749	186,195,012
Cash and cash equivalents at end of year	1,278,058,142	1,202,394,010	839,929,219	127,705,749

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

Pace Development Corporation Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Supplemental cash flows information:				
Non-cash transactions				
Interest expenses recorded as cost of real estate development for sales,				
construction in progress and fixed assets	7,452,512	14,771,408	4,169,666	12,900,009
Construction payables and accrued construction costs	(816,594,287)	279,849,687	(501,149,020)	412,933,471
Transfer cost of real estate development for sales				
to property, plant and equipment	-	3,168,310	-	-
Transfer cost of real estate development for sales to properties for lease	-	-	-	3,168,310
Deferred loan arrangement fee and debenture underwriting fee capitalised				
as a part of cost of real estate development for sales and property,				
plant and equipment	8,901,620	42,207,643	5,618,775	11,583,191
Transfer short-term loans to subsidiaries and interest receivables				
to long-term loans to subsidiaries and interest receivables	-	-	-	3,908,843,364
Revaluation surplus of land	-	262,523,549	-	-
Transfer long-term loan from other company to				
deposits received from customer	100,000,000	-	-	-
Increase in leasehold improvements and equipment by means of :				
Finance lease agreements	-	470,353	-	36,810
Payables for purchase of leasehold improvements and equipment	(66,416,738)	749,645,178	(844,230)	(363,532)
Receivables from sales of equipment	(3,999,655)	-	(3,999,655)	-
Transfer investments in joint ventures to investments in subsidiaries	-	-	293,353,383	-
Transfer allowance for impairment of investments in joint ventures				
to allowance for impairment of investments in subsidiaries	-	-	195,568,922	-
Transfer advances and deposits received from customers to other payables	57,772,013	-	57,772,013	-

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

Pace Development Corporation Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

- a) Pace Development Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company and its subsidiaries are principally engaged in property development and has its subsidiaries principally engaged in retailer of premium gourmet and delicatessen business. During February 2019, the Company has changed its registered office address from No. 87/2 CRC Tower, All Seasons Place, 45th Floor, Unit 3, Wireless Road, Lumpini, Pathumwan, Bangkok to No. 87/2 CRC Tower, All Seasons Place, 45th Floor, Unit 4, Wireless Road, Lumpini, Pathumwan, Bangkok.
- b) On 28 March 2018, the Company’s Board of Directors Meeting passed a resolution approving the Company to proceed the disposal of assets with a total value not exceeding Baht 14,000 million to King Power Mahanakhon Co., Ltd. and shares acquisition of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. held by Apollo Asia Sprint Co., Ltd. and Goldman Sachs Investments Holdings (Asia) Limited with a total amount not exceeding USD 320 million or Baht 10,000 million. The Company entered into the transactions during the second quarter of 2018, as described in Note 12.1.2 to the consolidated financial statements.
- c) The Group has had persistent operating losses and as at 31 December 2018, the Group’s total current liabilities exceeded its total current assets by Baht 6,158 million and it had a deficit of Baht 9,971 million. The Group’s ability to continue its operations as a going concern depends on the success of negotiations to reschedule loan payments and find sources of funds, and full implementation of plans to change the Group’s strategy and future operations. These circumstances may give rise to significant doubts of the Group’s ability to continue its operations as a going concern. However, during the second quarter of 2018 the Company has entered into assets disposal transaction, as described in Note 12.1.2 to the consolidated financial statements and sold condominium units with a total value of Baht 3,972 million, as described in Note 9 to the consolidated financial statements. Together with a large amount of debt reduction due to repayment of bills of exchange, loans and debentures during the year. In addition, the Group will begin to recognise revenue from real estate development projects since 2019 onwards and carry out business plans for food and beverage businesses such as selling franchise rights both domestically and internationally. The management has therefore decided that it is correct and appropriate to prepare the Group’s financial statements for the year ended 31 December 2018 based on the assumption that the Group will continue its operations as a going concern. Accordingly, such financial statements do not include any adjustments relating to the realisation of the recoverable amount and classification of the assets or the amount and classification of liabilities that might be necessary should the Group be unable to continue its operations as a going concern.

- d) As at 31 December 2018, the Group had goodwill of Baht 2,444 million and had trademark and trade name and franchise agreements totaling Baht 1,861 million. The management assessed the impairment loss on the assets by comparing the carrying value of the cash generating units and the realisable value of the assets. It was noted that no additional provision on loss on impairment was required to be set up. However, the realisable value is not certain, subject to several factors and future situations.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Pace Development Corporation Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
<u>Subsidiaries directly owned by the Company</u>				
YLP Co., Ltd.	Property development	Thailand	100	100
Pace Country Club Co., Ltd.	Property development and management	Thailand	100	100
Pace Interior Services Co., Ltd.	Interior service	Thailand	100	100
Pace Creative Agency Co., Ltd.	Designing, advertising and marketing communication	Thailand	-	100
Pace Management Co., Ltd.	Management services	Thailand	99.97	99.97
Pace Food Retail Co., Ltd.	Investment in equity shares of retailer of premium gourmet and delicatessen business	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
Pace Real Estate Co., Ltd.	Investment in equity shares	Thailand	100	100
Pace Project One Co., Ltd. *	Hotel	Thailand	74.50	-
Pace Project Two Co., Ltd.	Luxury condominium	Thailand	50	50
Pace Project Three Co., Ltd. *	Shopping centre and sky observation deck	Thailand	74.36	-
<u>Subsidiaries indirectly owned by the Company</u>				
Held by Pace Food Retail Co., Ltd.				
Dean & DeLuca Asia (Thailand) Co., Ltd.	Food and beverage	Thailand	100	100
Dean & DeLuca, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Held by Pace Project Three Co., Ltd.				
MahaNakhon Observatory and Retail Co., Ltd.	Observatory deck business	Thailand	100	-
Held by Dean & DeLuca Asia (Thailand) Co., Ltd.				
Dean & DeLuca Airport Co., Ltd.	Food and beverage	Thailand	100	51
Dean & DeLuca Asia (Singapore) Pte. Ltd.	A franchise business holding the Master Franchise License in Asia Pacific	Singapore	100	-
Dean & DeLuca China (HK) Co., Limited	A franchise business holding the Master Franchise of market and cafés in the People's Republic of China	Hong Kong S.A.R, the People's Republic of China	100	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
Dean & DeLuca Consumer China (HK) Co., Limited	A franchise business holding the franchise of consumer products in the People's Republic of China	Hong Kong S.A.R, the People's Republic of China	100	-
Held by Dean & DeLuca, Inc.				
Dean & DeLuca Brands, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Marketing, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Atlanta, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Markets, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
D&D Cafes of NC, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Georgetown, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Imports, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Call Center, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca New York, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
Dean & DeLuca Espresso, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Madison Avenue, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Gaetano & Barteau, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca International, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Brands Hawaii, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Consumer Brands Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Incorporated	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Espresso D.C., Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Productions, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Small Format, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100
Dean & DeLuca Small Format Lq, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u>	<u>2017</u>
			Percent	Percent
D&D Mount Limited	Food and beverage	United Kingdom	100	100
D&D Fourteen Limited	Food and beverage	United Kingdom	100	100

* Changed status from joint venture to subsidiary during the second quarter of 2018 (Note 12.1.2)

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the significant amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and joint ventures under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards did not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Revenue from sales of land and houses and residential condominium units

Revenues from sales of land and houses and residential condominium units are recognised as revenues in full when significant risks and rewards are transferred to the buyer.

Revenue from sales of merchandises, foods and beverages

Revenue from sales of merchandises, foods and beverages are recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

Rental and service income

Rental income is recognised as revenue on a straight-line basis over the periods of the related lease agreements and service income is recognised as revenue when services have been rendered, taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Management fee income

Management fee income is recognised when services have been rendered, taking into account the stage of completion, excluding value added tax, in accordance with rates as stipulated in the contract.

4.2 Cost of sales of land and houses and residential condominium units

Cost of sales of land and houses and residential condominium units, which is determined by attributing the total anticipated real estate development costs after recognition of the costs incurred to date to the units already sold on the basis of salable area, is recognised as costs in profit or loss.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.5 Inventories

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value.

4.6 Cost of real estate development for sales

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

4.7 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification is recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.8 Rights to use assets

Rights to use assets are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Amortisation is calculated by reference to their costs on a straight-line basis based on agreements for the period of 37 months and 44 months and charged to profit or loss.

4.9 Properties for Lease

Properties for lease are measured initially at cost, including transaction costs. Subsequent to initial recognition, properties for lease are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

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

Crystal lagoon	- 5 - 50 years
Building and building improvement - cube building	- 50 years
Electrical, mechanical, plumbing, lifts and escalator works	- 20 years
Car park system	- 5 years
Interior decoration and landscape	- 5 years

Depreciation of the properties for lease is included in determining income.

On disposal of properties for lease, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.10 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the assets of the Company and its subsidiaries, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of land". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the assets of the Company and its subsidiaries, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of land" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Leasehold improvements	- 2 - 20 years
Crystal lagoon	- 5 - 50 years
Furniture, fixtures and equipment	- 2 - 10 years
Digital media advertising screen	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.12 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Non-competition agreements	4 years
Franchise agreements	4.17 and 6.5 years (agreements term)
Customer relationships	4 years
Computer softwares	3 - 5 years

Trademark and trade name with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

4.13 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of cash generating units (or group of cash-generating units) of the Company and its subsidiaries that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.14 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that give them significant influence over the Company and its subsidiaries, key management personnel, directors, and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

4.15 Long-term leases

Leases of plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease period.

Leases of plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.16 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.18 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognise restructuring-related costs.

4.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.20 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Company and its subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property for lease and property plant and equipment/Depreciation

In determining depreciation of property for lease and plant and equipment, the management is required to make estimates of the useful lives and residual values of the property for lease and plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company and its subsidiaries measure land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates as described in Note 16.

In addition, the management is required to review property for lease and property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management of the Company and its subsidiaries has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	488	563	MLR plus 3% per annum, 5% per annum, 5.25% per annum and 7.5% per annum
Management fee income	-	-	52	64	Contract price
Other expenses	-	-	1	6	As agreed and contract price
Interest expenses	-	-	174	-	3% per annum
Cost of interior service ⁽¹⁾	-	-	6	-	Contract price
<u>Transactions with joint ventures</u>					
Interest income	30	95	30	95	7.5% per annum
Management fee income	3	25	3	25	Contract price
Other expenses	9	28	4	13	Contract price
Interest expenses	9	28	-	-	7.5% per annum

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with related companies, directors and shareholders of the Group</u>					
Revenue from sales of residential condominium units	-	295	-	-	Contract price
Revenue from sales of foods and beverages	1	1	-	-	As agreed
Rental and service income	-	10	-	-	Contract price
Interest income	2	3	-	-	Contract price
Other expenses	26	93	-	2	As agreed and contract price
Interest expenses ⁽¹⁾	-	7	-	-	6.5% per annum and 8% per annum
Front-end fee ⁽²⁾	-	4	-	-	Contract price

⁽¹⁾ included in cost of real estate development for sales, construction in progress and finance cost

⁽²⁾ included as part of construction in progress

As at 31 December 2018 and 2017, the balances of the accounts between the Company, its subsidiaries and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Trade receivables				
Joint ventures	-	1,026	-	-
Related companies	87,337	1,742	-	-
Related person - the Company's shareholder	410	290	-	-
Total	87,747	3,058	-	-
Less: Allowance for doubtful accounts	(82,391)	-	-	-
Total	5,356	3,058	-	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unbilled trade receivable				
Joint venture	-	2,331	-	-
Total	-	2,331	-	-
Other receivables				
Subsidiaries	-	-	79,312	35,298
Joint ventures	-	14,004	-	14,004
Related company	2,755	2,633	-	-
Total	2,755	16,637	79,312	49,302
Advances				
Subsidiaries	-	-	113,318	90,700
Joint ventures	-	21,549	-	21,377
Total	-	21,549	113,318	112,077
Total trade and other receivables - related parties	8,111	43,575	192,630	161,379
<u>Advance payments for construction to</u>				
<u>a subsidiary</u>				
Subsidiary	-	-	153,194	-
Total advance payments for construction to				
a subsidiary	-	-	153,194	-
<u>Deposits to joint venture</u>				
Joint venture	-	3,527	-	-
Total deposits to joint venture	-	3,527	-	-
<u>Accrued management fee income from</u>				
<u>related parties</u>				
Subsidiaries	-	-	321,702	182,640
Joint ventures	-	106,466	-	106,466
Total accrued management fee income from				
related parties	-	106,466	321,702	289,106

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other payables - related parties</u>				
(Note 21)				
Trade payables				
Subsidiary	-	-	6,734	-
Joint venture	-	6,490	-	-
Total	-	6,490	6,734	-
Other payables				
Subsidiaries	-	-	19,345	2,616
Joint ventures	-	83,664	-	13,260
Related companies	29,888	28,035	-	2,481
Related person - the director of the subsidiary	9,880	-	10	-
Total	39,768	111,699	19,355	18,357
Total trade and other payables - related parties	39,768	118,189	26,089	18,357
<u>Advances and deposits received from customers</u>				
<u>- related parties</u>				
Related company	4,164	327	-	327
Related persons - the director of the Company and its subsidiaries	40,327	72,796	40,327	72,796
Related person - the Company's shareholder	327	327	327	327
Total advances and deposits received from customers - related parties	44,818	73,450	40,654	73,450
<u>Other non-current payables - joint ventures</u>				
Joint ventures	-	437,123	-	-
Total other non-current payables - joint ventures	-	437,123	-	-

Loans to related parties and interest receivables and loans from related parties and interest payables

As at 31 December 2018 and 2017, the balances of loans, interest receivables, and interest payables between the Company, its subsidiaries and those related parties and the movements are as follows:

(Unit: Thousand Baht)					
	Consolidated financial statements				
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Translation adjustment	Balance as at 31 December 2018
<u>Long-term loans to related parties and interest receivables</u>					
<u>Joint venture</u>					
Pace Project One Co., Ltd. ^{(1)*}	3,542,719	29,752	(3,572,471)	-	-
Less: Allowance for doubtful accounts	(1,634,000)	-	1,634,000	-	-
Total	1,908,719	29,752	(1,938,471)	-	-
<u>Related company</u>					
Grovepark International Limited ⁽²⁾	134,357	2,256	-	(774)	135,839
Total	134,357	2,256	-	(774)	135,839
Total long-term loans to related parties and interest receivables	2,043,076	32,008	(1,938,471)	(774)	135,839

(Unit: Thousand Baht)					
	Separate financial statements				
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Unrealised loss from exchange rate	Balance as at 31 December 2018
<u>Long-term loans to related parties and interest receivables</u>					
<u>Subsidiaries</u>					
Pace Project Two Co., Ltd. ^{(1)*}	1,408,729	182,078	(1,256,231)	-	334,576
Pace Real Estate Co., Ltd. ^{(3)*}	464,284	25,639	-	-	489,923
Less: Allowance for doubtful accounts	-	(489,923)	-	-	(489,923)
Pace Food Retail Co., Ltd. ^{(1)*}	1,003,401	2,999,886	(41,868)	-	3,961,419
Less: Allowance for doubtful accounts	-	(1,965,157)	-	-	(1,965,157)
YLP Co., Ltd. ^{(4)*}	47,087	162,120	-	-	209,207
Pace Country Club Co., Ltd. ^{(1)*}	576,834	111,095	(61,877)	-	626,052
Pace Interior Services Co., Ltd. ^{(3)*}	120,645	10,458	(52,000)	-	79,103
Dean & DeLuca Asia (Thailand) Co., Ltd. ^{(3)*}	362,852	-	(321,745)	-	41,107
Dean & DeLuca, Inc. ^{(5)*}	2,627,418	212,663	-	(15,330)	2,824,751
Pace Project One Co., Ltd. ^{(1)*}	-	4,065,701	(3,836,725)	-	228,976
Less: Allowance for doubtful accounts (Note 12.1.2)	-	(1,634,000)	1,634,000	-	-
Total	6,611,250	3,680,560	(3,936,446)	(15,330)	6,340,034

(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Unrealised loss from exchange rate	Balance as at 31 December 2018
Long-term loans to related parties and interest receivables					
<u>Joint venture</u>					
Pace Project One Co., Ltd. ^{(1)*}	3,542,719	29,752	(3,572,471)	-	-
Less: Allowance for doubtful accounts	(1,634,000)	-	1,634,000	-	-
Total	1,908,719	29,752	(1,938,471)	-	-
Total long-term loans to related parties and interest receivables	8,519,969	3,710,312	(5,874,917)	(15,330)	6,340,034

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Translation adjustment	Balance as at 31 December 2018
Short-term loans from related parties and interest payables					
Subsidiary's shareholders ⁽⁶⁾	25,079	149	(25,228)	-	-
The Company's director ⁽⁷⁾	86,170	-	-	(503)	85,667
Prairie Marketing Limited ⁽⁸⁾	9,981	-	(9,981)	-	-
Total short-term loans from related parties and interest payables	121,230	149	(35,209)	(503)	85,667

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Long-term loans from related parties and interest payables				
<u>Joint ventures</u>				
Pace Project One Co., Ltd. ⁽³⁾	264,519	4,621	(269,140)	-
Pace Project Three Co., Ltd. ⁽³⁾	264,519	4,621	(269,140)	-
Total long-term loans from related parties and interest payables	529,038	9,242	(538,280)	-

(Unit: Thousand Baht)

Long-term loans from related party and interest payable	Separate financial statements			Balance as at 31 December 2018
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	
<u>Subsidiary</u>				
Pace Project Three Co., Ltd. ⁽⁹⁾	-	8,521,779	(205,620)	8,316,159
Total long-term loans from related party and interest payable	-	8,521,779	(205,620)	8,316,159

(1) Clean loan, carrying interest at a rate of 5 percent and 7.5 percent per annum and will be due at call.

(2) Carrying interest at applicable federal rate.

(3) Clean loan, carrying interest at a rate of 7.5 percent per annum and will be due at call.

(4) Clean loan, carrying interest at a rate of 5 percent, 5.25 percent and 7.5 percent per annum and will be due at call.

(5) Clean loan, carrying interest at a rate of 9.03 percent per annum and will be due at call.

(6) Clean loan, carrying interest at a rate of 7.5 percent per annum and was due within January, June and July 2018.

(7) Clean loan, no carrying interest and will be due at call.

(8) Clean loan, carrying interest at a rate of 6.5 percent per annum and will be due within 12 January 2018.

(9) Clean loan, carrying interest at a rate of 3 percent per annum and will be due at call.

* As at 31 December 2018, the Company signed an memorandum that the Company has no intention to call such loans within 12 months. Hence, as at 31 December 2018, the Company presented such loans, as a part of "Long-term loans to related parties and interest receivables".

Directors and management's benefits

During the year ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	51,832	47,754	48,114	44,214
Post-employment benefits	787	863	785	862
Other long-term employee benefits	69	-	69	-
Total	<u>52,688</u>	<u>48,617</u>	<u>48,968</u>	<u>45,076</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries, as described in Note 34.4 a) to the consolidated financial statements.

7. Cash and cash equivalents / Savings deposit with specific purpose

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash on hand	6,039	5,295	160	169
Cash at banks	1,272,019	1,197,099	839,769	128,466
Total	1,278,058	1,202,394	839,929	128,635
Less: Savings deposit with specific purpose	-	-	-	(929)
Net	<u>1,278,058</u>	<u>1,202,394</u>	<u>839,929</u>	<u>127,706</u>

As at 31 December 2017, savings deposit with specific purpose amounting to Baht 0.9 million represented proceeds of loans repayment from Pace Project Three Co., Ltd. for the construction payments of Pace Project Two Co., Ltd. according to Shareholders Agreement.

8. Current investments

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2018</u>	<u>2017</u>
Investments in trading security		
Investments in open-end fixed income fund	6,785	9,725
Unrealised gain on changes in value of trading security	148	121
Total current investments	<u>6,933</u>	<u>9,846</u>

During the year, the movements of trading security are as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	9,846	44,695
Disposal during the year	(2,940)	(34,858)
Unrealised gain on changes in value of trading security	27	9
Net book value at end of year	<u>6,933</u>	<u>9,846</u>

During the year, the Company has realised gain on trading securities and unrealised gain on changes in value of trading securities as follow:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2018</u>	<u>2017</u>
Realised gain on trading security	60	142
Unrealised gain on changes in value of trading security	27	9
Net	<u>87</u>	<u>151</u>

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	39	143	-	-
Past due				
Up to 3 months	109	243	-	-
3 - 6 months	25	365	-	-
6 - 12 months	11,530	806	-	-
Over 12 months	76,044	1,501	-	-
Total	87,747	3,058	-	-
Unbilled trade receivables	-	2,331	-	-
Total	87,747	5,389	-	-
Less: Allowance for doubtful accounts	(82,391)	-	-	-
Total trade receivables - related parties, net	5,356	5,389	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	199,346	56,591	-	38,564
Past due				
Up to 3 months	12,938	16,114	-	-
3 - 6 months	22	1,980	-	-
6 - 12 months	2,983	118	-	-
Over 12 months	1,280	82	-	-
Total	216,569	74,885	-	38,564
Unbilled trade receivables	15,788	-	-	-
Total	232,357	74,885	-	38,564
Less: Allowance for doubtful accounts	(173)	(173)	-	-
Total trade receivables - unrelated parties, net	232,184	74,712	-	38,564
Total trade receivables - net	237,540	80,101	-	38,564
<u>Other receivables</u>				
Other receivables - related parties	2,755	16,637	79,312	49,302
Advances - related parties	-	21,549	113,318	112,077
Other receivables - unrelated parties	46,430	21,725	256	-
Accrued income (Note 12.1.2)	600,000	-	600,000	-
Total other receivables	649,185	59,911	792,886	161,379
Total trade and other receivables - net	886,725	140,012	792,886	199,943

On 15 June 2018, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. (“PP2”) and Pace Project Three Co., Ltd. (collectively referred to as “sellers”) entered into 2 agreements to buy and to sell condominium units with King Power Mahanakhon Co., Ltd. and V&A Holding Co., Ltd. (collectively referred to as “purchasers”) to sell 48 and 3 units of a project totaling Baht 3,592 million and Baht 380 million, respectively. In the same month, PP2 received Baht 3,377 million payment at the proportion of 85 percent of units’ selling price and the sellers has already transferred the ownership of such units to the purchasers. The purchasers shall make the full payment of the remaining Baht 595 million, at the proportion of 15 percent of the selling price, or separate into 3 payments in accordance with the contract. The purchasers may not transfer the ownership of such units to other parties unless the sellers receive full amount of payment. Subsequently, in August 2018, PP2 received Baht 411 million of the remaining payment totaling Baht 3,788 million at the proportion of 95 percent of units’ selling price.

The receivables from condominium units sale amounting to Baht 184 million were presented as trade receivables in the consolidated statements of financial position as at 31 December 2018.

Subsequently, during January 2019, PP2 fully received the payment of the remaining balance amounting to Baht 184 million.

10. Inventories

(Unit: Thousand Baht)						
Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Inventories in interior service business	66,921	37,071	-	-	66,921	37,071
Inventories in retailer of premium gourmet and delicatessen	100,852	183,873	-	(4,547)	100,852	179,326
Total	167,773	220,944	-	(4,547)	167,773	216,397

During the year, a subsidiary reversed the allowance for decline in value of inventories by Baht 5 million (2017: Baht 1.2 million), and reduced the amount of inventories recognised as expenses during the year.

11. Cost of real estate development for sales

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and construction developed	4,271,196	8,411,510	3,264,704	3,426,108
Land and construction under development	5,454,266	4,132,566	4,326,547	3,436,718
Total cost of real estate development for sales	9,725,462	12,544,076	7,591,251	6,862,826
Less: Reduce cost to net realisable value	(169,100)	(197,000)	(124,100)	(124,100)
Net	9,556,362	12,347,076	7,467,151	6,738,726

During the year, the Company and its subsidiaries included borrowing costs in cost of real estate development for sales. These were determined by applying capitalisation rates which were the weighted average of the financial charges on total borrowings during the year as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Borrowing costs included in cost of real estate development for sales (Million Baht)	174	370	145	213
Capitalisation rate (Percent)	5.00 - 7.50	5.00 - 7.50	6.15 - 6.98	5.21 - 6.19

The Company and two subsidiaries have mortgaged their land and constructions thereon in the projects for short-term loans, long-term loans and credit facilities from financial institutions of the Company and its subsidiaries as below.

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value (Million Baht)	9,556	12,347	7,467	6,739

Reduction of cost to net realisable value were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Increase (reversal)	(28)	164	-	124

On 5 February 2018, the Company's Board of Directors Meeting passed a resolution approving the disposal of land located in Niseko to Richforest International Investment Ltd. ("Richforest") at agreed price of JPY 2,050 million and relevant expenses of JPY 365.8 million. Subsequently, the Company entered into an agreement to buy and to sell the property with Richforest that affected the Company to record loss on decline in value of land and related design fee totaling Baht 109 million in the consolidated and separate financial statements of comprehensive income for the year ended 31 December 2017.

Subsequently, on 26 March 2018, the Company made an agreement to cancel the agreement to buy and to sell the property with Richforest.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Investment in subsidiaries - net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
YLP Co., Ltd.	170,000	170,000	100	100	170,000	170,000	-	-	170,000	170,000
Pace Country Club Co., Ltd.	20,000	20,000	100	100	20,000	20,000	-	-	20,000	20,000
Pace Interior Services Co., Ltd.	20,000	20,000	100	100	20,000	20,000	-	-	20,000	20,000
Pace Creative Agency Co., Ltd.	-	10,000	-	100	-	10,000	-	(10,000)	-	-
Pace Management Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000	-	-	1,000	1,000
Pace Food Retail Co., Ltd.	2,551,450	2,205,250	100	100	2,551,450	2,205,250	(2,551,450)	-	-	2,205,250
Pace Real Estate Co., Ltd.	10,814	10,814	100	100	19,972	19,971	(19,972)	-	-	19,971
Pace Project One Co., Ltd.*	392,100	392,100	74.50	-	388,779	-	(388,779)**	-	-	-
Pace Project Two Co., Ltd.	200,000	200,000	50	50	195,569	195,569	(195,569)	-	-	195,569
Pace Project Three Co., Ltd.*	195,000	195,000	74.36	-	9,300,576	-	(1,119,138)	-	8,181,438	-
Total					12,667,346	2,641,790	(4,274,908)	(10,000)	8,392,438	2,631,790

* Changed status from joint ventures to subsidiaries during the second quarter of 2018.

** Baht 195,569 thousand transferred from allowance for impairment of investments in joint venture due to the change of status from

joint venture to subsidiary during the second quarter of 2018.

The subsidiaries did not declare any dividend during the years.

As at 31 December 2018 and 2017, all shares of Pace Project Two Co., Ltd., Pace Food Retail Co., Ltd. (excluding additional shares issued during the second quarter of 2018) Pace Country Club Co., Ltd. YLP Co., Ltd. and Dean & DeLuca, Inc. held by the Company and its subsidiaries are pledged as collateral for credit facilities of the Company and its subsidiaries, as described in Note 22 to the consolidated financial statements.

As at 31 December 2018, all shares of YLP Co., Ltd. held by the Company are pledged as collateral against a subsidiary's long-term loans from other company, as described in Note 24 to the consolidated financial statements.

12.1 Subsidiaries directly owned by the Company

12.1.1 Pace Creative Agency Co., Ltd. ("PCA")

On 15 February 2018, the Extraordinary General Meeting of PCA's shareholders No.1/2018 passed a special resolution approving the dissolution. PCA registered its dissolution with the Ministry of Commerce on 20 February 2018, and the completion of liquidation was registered on 11 June 2018. The Company received a refund of Baht 0.7 million as a result of this dissolution.

12.1.2 Pace Project One Co., Ltd. ("PP1") and Pace Project Three Co., Ltd. ("PP3")

On 6 April 2018, the Company, PP1, PP3 and the Company's director entered into the Asset Sale and Purchase Agreement to sell assets of PP1 and PP3 with a total value not exceeding Baht 12,800 million to King Power Mahanakhon Co., Ltd. On the same day, the Company and King Power Mahanakhon Co., Ltd. entered into the Business Procurement Agreement, whereby it was agreed that King Power Mahanakhon Co., Ltd. would pay procurement fees to the Company in the amount not exceeding Baht 1,200 million, in accordance with a resolution of the Company's Board of Directors Meeting No.10/2018 as summarised below.

- a) Disposal of assets of PP1 and PP3, including land, hotel, observation deck, retail cube building, sculptures and artworks, and the licenses and contracts relevant to the operations of PP1 (hotel) and PP3 (observation deck and retail cube building) in the MahaNakhon Project, with a total value not exceeding Baht 12,617 million.
- b) Disposal of land that is jointly owned by PP1, Pace Project Two Co., Ltd., PP3 and Pace Real Estate Co., Ltd., with a total value not exceeding Baht 183 million.
- c) The Company shall receive business procurement compensation for seeking purchasers, negotiating with relevant parties including management and implementing the completion of disposal of assets having the total value not exceeding Baht 1,200 million.

Subsequently, on 9 April 2018, the Company, PP1 and PP3 entered into the Investment Buy-Out Agreement with Apollo Asia Sprint Co., Ltd. (“Apollo”) and Goldman Sachs Investments Holdings (Asia) Limited (“Goldman”) (Investors) to purchase all shares in PP1 and PP3 held by the investors for a total amount not exceeding USD 320 million or Baht 10,000 million, in accordance with the resolution of the Company’s Board of Directors Meeting No.10/2018 as summarised below.

- a) Acquisition of 1,344,700 preferred shares of PP1, with a par value of Baht 100 each, from Apollo at the purchase price of USD 4,303,040, equivalent to Baht 134.9 million, and 576,300 preferred shares of PP1, with a par value of Baht 100 each, from Goldman at the purchase price of USD 1,844,160, equivalent to Baht 57.8 million, totaling 1,921,000 shares at the purchase price of USD 6,147,200, equivalent to Baht 192.7 million, representing 49 percent of all shares of PP1.
- b) Acquisition of 665,001 preferred shares of PP3, with a par value of Baht 100 each, from Apollo at the purchase price of USD 204,957,760, equivalent to Baht 6,424.9 million, and 285,001 preferred shares of PP3, with a par value of Baht 100 each, from Goldman at the purchase price of USD 87,839,040, equivalent to Baht 2,753.5 million, totaling 950,002 shares at the purchase price of USD 292,796,800, equivalent to Baht 9,178.4 million, representing 48.72 percent of all shares of PP3.

The Company received Baht 12,781 million of assets payment from King Power Mahanakhon Co., Ltd. and transferred the rights and ownership in such assets on 10 April 2018. Subsequently, on 27 November 2018, the Company received Baht 600 million of procurement fee for completion of assets disposal from King Power Mahanakhon Co., Ltd. The remaining payment for the assets of Baht 19 million, and the procurement fee for completion of the assets disposal transactions of Baht 600 million are yet to be paid to PP1 and the Company, respectively, by King Power Mahanakhon Co., Ltd. The Company presented such items as other receivable and accrued income, respectively, which was included in trade and other receivables account in the consolidated statements of financial position as at 31 December 2018. On 10 April 2018, the Company made fully payment for the shares to Apollo and Goldman, in accordance with the Investment Buy-Out Agreement.

As a result of the shares acquisition, the Group holds 3,921,000 and 1,950,003 shares of PP1 and PP3, respectively, representing 100 percent of the paid-up shares of PP1 and PP3, and the status of PP1 and PP3 was changed from joint ventures to subsidiaries of the Group. The Company has had controls over PP1 and PP3 since 10 April 2018.

As a result of such transactions, the Company recorded loss amounting to Baht 3,533 million, which was presented as “Loss on disposal of assets” in the consolidated statement of comprehensive income for the year ended 31 December 2018. Detail of the loss was presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
Selling price of assets		12,800,000
Add: Procurement income from disposal of assets		1,200,000
Total		14,000,000
Less: Net assets transferred to purchaser		(17,742,160)
Add: Reversal of allowance for doubtful accounts of long-term loans to a subsidiary which were repaid by PP1		1,634,000
Less: Transaction costs		
Value added tax	(134,788)	
Transfer fees	(336,534)	
Income tax expenses	(320,368)	
Expenses from terminated agreements	(513,627)	
Others	(119,364)	(1,424,681)
Loss on disposal of assets		(3,532,841)

The carrying values of the assets and liabilities, net of the assets disposal transaction of PP1 and PP3 which the Company received were summarised below.

(Unit: Thousand Baht)

	PP1	PP3	Total
<u>Assets</u>			
Cash and cash equivalents	665,282	71,834	737,116
Trade and other receivables	37,026	98,688	135,714
Refundable value added tax	81,209	2,738	83,947
Other current assets	5,609	218	5,827
Long-term loans to related parties and interest receivables	270,680	8,831,209	9,101,889
Property, plant and equipment	14,209	-	14,209
Other non-current assets	46,974	45,237	92,211
Total assets	1,120,989	9,049,924	10,170,913
<u>Liabilities</u>			
Trade and other payables	(73,777)	(141,926)	(215,703)
Advances and deposits received from customers	-	(12,012)	(12,012)
Other current liabilities	(15,907)	(22,112)	(38,019)
Long-term loans from related parties and interest payables	(945,410)	-	(945,410)
Other non-current liabilities	(146,885)	-	(146,885)
Total liabilities	(1,181,979)	(176,050)	(1,358,029)
Net assets	(60,990)	8,873,874	8,812,884

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After the shares acquisition and assets disposal transactions, on the same day, PP1 fully repaid the loans and accrued interest to the Company. As a result, the Company reversed the allowance for the doubtful accounts of the loans to PP1 amounting to Baht 1,634 million. The Company has therefore tested impairment of investments in PP1 and PP3, and recognised loss on impairment of investments in the two subsidiaries amounting to Baht 193 million and Baht 1,119 million, respectively. The Company presented the reversal of allowance for doubtful accounts of the loans to PP1 net with loss on impairment of investments in the two subsidiaries separately under the reversal of net impairment in subsidiaries amounting to Baht 322 million in the statement of comprehensive income for the year ended 31 December 2018.

12.1.3 Pace Food Retail Co., Ltd. (“PFR”)

On 15 June 2018, the Extraordinary General Meeting of PFR’s shareholders No.1/2018 passed a resolution to increase its registered share capital by Baht 2,205 million (22.05 million ordinary shares with a par value of Baht 100 each) to Baht 2,551 million (25.51 million ordinary shares with a par value of Baht 100 each), by issuing 3.46 million new ordinary shares with a par value of Baht 100 each. The Company purchased all of newly issued ordinary shares and as a result, its shareholding in PFR remains at 100 percent. The Company fully repaid the shares.

12.2 Subsidiaries indirectly owned by the Company

12.2.1 Dean & DeLuca Asia (Thailand) Co., Ltd. (“DDAT”) (Previously known as Dean & DeLuca (Thailand) Co., Ltd. (“DDTH”)) (Subsidiary held by Pace Food Retail Co., Ltd.)

On 30 January 2018, the Board of Directors Meeting of DDTH No. 1/2018 passed a resolution to approve an additional purchase of 147,000 ordinary shares of Dean & DeLuca Airport Co., Ltd. (subsidiary of DDTH) from three shareholders, representing 49 percent of all shares of the subsidiary, at a price of Baht 148.11 per share, or for a total of approximately Baht 22 million. Subsequently, on 5 February 2018 and 13 February 2018, DDTH entered into an agreement to buy ordinary shares from these shareholders, whereby DDTH was to make full payment for the shares within 31 March 2018. During the second quarter of 2018, DDTH made payment for the shares, as a result, its shareholding in the subsidiary increased from 51 percent to 100 percent. The Company recognised the premium from the change in shareholding as a result of the purchase of ordinary shares from the subsidiary, amounting to Baht 4 million, under shareholders’ equity in the consolidated statement of financial position as at 31 December 2018.

On 15 June 2018, the Extraordinary General Meeting of DDTH No.1/2018 passed a resolution to approve the increase of its registered share capital from Baht 261 million (2.61 million ordinary shares with a par value of Baht 100 each) to Baht 607.2 million (6.07 million ordinary shares with a par value of Baht 100 each), by issuing 3.46 million new ordinary shares with a par value of 100 Baht. PFR purchased all new ordinary shares of DDTH. As a result, PFR's shareholding in DDTH remains at 100 percent. PFR made full payment for the shares, and DDTH registered the increase of its share capital with the Ministry of Commerce on 20 June 2018.

On 22 June 2018, the Extraordinary General Meeting of DDTH No.2/2018 passed a resolution to approve the change of the Company's name from Dean & DeLuca (Thailand) Co., Ltd. to Dean & DeLuca Asia (Thailand) Co., Ltd. DDTH registered the name change with the Ministry of Commerce on the same day.

Subsequently, on 1 August 2018, DDAT entered into a Master Franchise Agreement with NPPG (Thailand) Plc. ("NPPG") to grant the franchise rights exclusively to NPPG for opening and operating Dean & DeLuca food and beverage shops (Dean & DeLuca Cafés and Dean & DeLuca Markets) in Thailand, including the right to grant sub-franchises for Dean & DeLuca food and beverage shop franchises to third parties for a period of 5 years. The agreement is renewable in accordance with the conditions specified in the agreement.

The entering into the Master Franchise Agreement shall come into effect upon the Company and/or subsidiaries have obtained the consent from a local financial institution in accordance with the terms and conditions specified therein.

12.2.2 MahaNakhon Observatory and Retail Co., Ltd. ("MO&R") (Subsidiary held by Pace Project Three Co., Ltd.)

On 14 November 2017, the Company's Board of Directors Meeting No. 12/2017 passed a resolution to grant approval to the Company to establish MO&R to engage in observatory deck business. The subsidiary registered its incorporation on 6 February 2018. It has a registered share capital of Baht 1 million (10,000 ordinary shares with a par value of Baht 100 each), of which 100 percent was called up. Pace Project Three Co., Ltd. invested Baht 1 million in ordinary shares of MO&R, representing 99.97 percent of MO&R's shares (9,997 ordinary shares with a par value of Baht 100 each) and made full payment for such shares. The Company has included the financial statements of MO&R in the consolidated financial statements as from 6 February 2018.

Subsequently, on 23 November 2018, the Extraordinary General Meeting of shareholder of MO&R No. 2/2018 passed a special resolution approving the dissolution. MO&R registered its dissolution with the Ministry of Commerce on 29 November 2018 and the completion of liquidation was registered on 1 February 2019. PP3 received a refund of Baht 0.6 million as a result of this dissolution.

12.2.3 Dean & DeLuca Asia (Singapore) Pte. Ltd. (“DDAS”) (Subsidiary held by Dean & DeLuca Asia (Thailand) Co., Ltd.)

On 23 July 2018, the Company’s Board of Directors Meeting No. 14/2018 passed a resolution to grant approval to the Company to establish DDAS to engage in a franchise business holding the Master Franchise License under the brand Dean & DeLuca in Asia Pacific and operating in the region. The subsidiary registered its incorporation on 10 August 2018 in Singapore. It has a registered share capital of USD 100 (100 ordinary shares with a par value of USD 1), of which 100 percent was called up. DDAT invested USD 100 in ordinary shares of DDAS, representing 100 percent of DDAS’s shares (100 ordinary shares with a par value of USD 1 each) and made full payment for such shares. The Company has included the financial statements of DDAS in the consolidated financial statements as from 10 August 2018.

12.2.4 Dean & DeLuca China (HK) Co., Limited (“DDC”) (Subsidiary held by Dean & DeLuca Asia (Thailand) Co., Ltd.)

On 23 July 2018, the Company’s Board of Directors Meeting No. 14/2018 passed a resolution to grant approval to the Company to establish DDC to engage in a franchise business holding the Master Franchise of market and cafés of the brand Dean & DeLuca in the People’s Republic of China. The subsidiary registered its incorporation on 15 August 2018 in Hong Kong Special Administrative Region. It has a registered share capital of USD 100 (100 ordinary shares with a par value of USD 1), of which 100 percent was called up. DDAT invested USD 100 in ordinary shares of DDC, representing 100 percent of DDC’s shares (100 ordinary shares with a par value of USD 1 each) and made full payment for such shares. The Company has included the financial statements of DDC in the consolidated financial statements as from 15 August 2018.

On 28 August 2018, DDC entered into a Framework Agreement with Kinghill Overseas Holding Limited (“Kinghill”). Whereby DDC agreed to negotiate the execution of a master franchise agreement to grant Kinghill and/or its affiliates the exclusive right to open and manage Dean & DeLuca Cafés and Dean & DeLuca Markets in the People’s Republic of China, with an aim to open 500 Dean & DeLuca stores within 5 years. Kinghill and/or its affiliates may extend the term of agreement in accordance with the conditions stipulated in the master franchise agreement.

On the same day, DDAT entered into a Framework Agreement with Kinghill, whereby DDAT is to grant Kinghill and/or affiliates the option to purchase up to 49 percent of shares in DDC, with two tranches of shares divided into 30 percent and 19 percent of the shares. The exercise prices for both tranches are subject to certain conditions as agreed between the parties in the option agreement.

The entering into the master franchise agreement and the option agreement are subject to conditions precedents specified therein, including among others, the necessary approvals of the related parties to the agreements pursuant to any applicable regulatory, stock exchange and/or governmental requirements required for their entry into the agreements and the performance of their obligations thereunder, and the consent of a local financial institution, having been obtained.

12.2.5 Dean & DeLuca Consumer China (HK) Co., Limited (“DDCC”) (Subsidiary held by Dean & DeLuca Asia (Thailand) Co., Ltd.)

On 23 July 2018, the Company’s Board of Directors Meeting No. 14/2018 passed a resolution to grant approval to the Company to establish DDCC to engage in a franchise business holding the franchise of consumer products under the brand Dean & DeLuca in the People’s Republic of China. The subsidiary registered its incorporation on 15 August 2018 in Hong Kong Special Administrative Region. It has a registered share capital of USD 100 (100 ordinary shares with a par value of USD 1), of which 100 percent was called up. DDAT invested USD 100 in ordinary shares of DDCC, representing 100 percent of DDCC’s shares (100 ordinary shares with a par value of USD 1 each) and made full payment for such shares. The Company has included the financial statements of DDCC in the consolidated financial statements as from 15 August 2018.

12.2.6 Dean & DeLuca Airport Co., Ltd. (“DDAP”) (Subsidiary held by Dean & DeLuca Asia (Thailand) Co., Ltd.)

On 25 September 2018, the Company’s Board of Directors Meeting No. 17/2018 passed a resolution approving DDAT acquisition and receipt of the entire business (Entire Business Transfer) of DDAP amounting to Baht 43 million, approximately, including its employees, assets and liabilities relating to the operation of its food and beverage business in Suvarnabhumi Airport and the obligations of DDAP at the transfer date.

Subsequently, on 5 October 2018, the Extraordinary General Meeting of DDAP’S shareholders No. 2/2018 passed a special resolution approving the dissolution of DDAP. DDAP registered its dissolution with the Ministry of Commerce on 17 October 2018 and currently is in the process of liquidation.

12.2.7 Dean & DeLuca, Inc. (“DDI”) (Subsidiary held by Pace Food Retail Co., Ltd.)

On 28 November 2018, DDI entered into the agreement with Lagardère Travel Retail (“Lagardère”) to grant the franchise rights exclusively to Lagardère for opening and operating Dean & DeLuca stores in retail area in airports around the world.

13. Investments in joint ventures

13.1 Details of investments in joint ventures

Investment in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(%)	(%)				
Joint ventures registered in Thailand						
Pace Project One Co., Ltd.*	-	51	-	295,569	-	-
Pace Project Three Co., Ltd.*	-	51.28	-	147,784	-	6,487,000
Total			-	443,353	-	6,487,000
Joint venture registered in Japan						
Dean & DeLuca Café Japan Co., Ltd.	50	50	332,200	273,400	262,604	216,219
Less: Non-current assets held for sale			(332,200)	-	(262,604)	-
Total			-	273,400	-	216,219
Total investments in joint ventures			-	716,753	-	6,703,219

(Unit: Thousand Baht)

Joint ventures	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(%)	(%)						
Joint ventures registered in Thailand								
Pace Project One Co., Ltd.*	-	25.50	-	195,569	-	(195,569)	-	-
Pace Project Three Co., Ltd.*	-	25.64	-	97,784	-	-	-	97,784
Total investments in joint ventures			-	293,353	-	(195,569)	-	97,784

*Changed status from joint ventures to subsidiaries during the second quarter of 2018 (Note 12.1.2)

13.1.1 Dean & DeLuca Café Japan Co., Ltd. (“DDCJ”) (held by Pace Food Retail Co., Ltd.)

During the second quarter of 2018, DDCJ called up capital from investors for a total of JPY 400 million. Dean & DeLuca International, LLC. (“DDI”) acquired additional ordinary shares of DDCJ in existing proportion amounting to JPY 200 million, equivalent to Baht 58.8 million, and as a result, its shareholding in DDCJ remains at 50 percent.

Subsequently, On 14 February 2019, the Company’s Board of Directors’ Meeting No. 3/2019 passed a resolution to approve the sale of all DDCJ’s ordinary shares held by DDI to a co-investor at a price of USD 10 million, equivalent to Baht 311 million. Subsequently, on 15 February 2019, DDI entered in to the Preliminary Share Purchase Agreement to sell shares of DDCJ to Welcome Co., Ltd. (“purchaser”) for USD 10 million, and on the same day, DDI received a deposit of USD 1 million, as specified in the agreement. Subsequently, on 27 February 2019, DDI received the balance of the payment of USD 9 million. The Company has therefore presented the investment in DDCJ as “Non-current assets held for sale” in the consolidated statement of financial position as at 31 December 2018.

13.2 Share of comprehensive income

During the year, the Company and its subsidiaries recognised their share of comprehensive income from investments in the joint ventures in the consolidated financial statements as follows:

Joint ventures	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Share of loss from investments in joint ventures	
	<u>2018</u>	<u>2017</u>
Pace Project Three Co., Ltd.	34,582	-
Dean & DeLuca Café Japan Co., Ltd.	12,121	4,516
Total	46,703	4,516

13.3 Summarised financial information about material joint ventures

Summarised information about financial position

(Unit: Million Baht)						
Dean & DeLuca Café Japan						
	Pace Project One Co., Ltd.		Pace Project Three Co., Ltd.		Co., Ltd.	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalent	-	1,234	-	99	8	7
Other current assets	-	262	-	193	177	135
Other non-current assets	-	4,483	-	7,287	584	506
Other current liabilities	-	(318)	-	(264)	(116)	(140)
Long-term loans from related parties and interest payables	-	(7,732)	-	(329)	-	-
Other non-current liabilities	-	(69)	-	(51)	(71)	(33)
Net assets	-	(2,140)	-	6,935	582	475
Shareholding percentage of the Company (%)	-	25.50	-	25.64	-	-
Shareholding percentage of PRE (%)	-	25.50	-	25.64	-	-
Shareholding percentage of DDI (%)	-	-	-	-	50	50
Share of net assets	-	(1,091)	-	3,556	291	238
Carrying amounts of joint ventures based on equity method	-	-	-	6,487	265	216

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December					
	Pace Project One Co., Ltd.		Pace Project Three Co., Ltd.		Dean & DeLuca Café Japan Co., Ltd.	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue from sales of merchandises,						
foods and beverages	-	-	-	-	780	597
Rental and service income	-	-	16	54	-	-
Interest income	5	14	71	215	-	-
Other income	1	1	2	1	-	9
Cost of sales of merchandises,						
foods and beverages	-	-	-	-	(336)	(267)
Cost of rental and service	-	-	(29)	(85)	-	-
Administrative expenses	(51)	(1,180)	(18)	(61)	(456)	(328)
Finance cost	(53)	(161)	-	-	-	(1)
Total comprehensive income	<u>(98)</u>	<u>(1,326)</u>	<u>42</u>	<u>124</u>	<u>(12)</u>	<u>10</u>

14. Rights to use assets

The net book value of rights to use assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

Consolidated financial statements

Cost:

1 January 2017	52,158
Additions	22,795
Effect from loss of control in subsidiaries	(54,460)
31 December 2017	<u>20,493</u>
31 December 2018	<u>20,493</u>

Accumulated amortisation:

1 January 2017	5,899
Amortisation for the year	5,640
Effect from loss of control in subsidiaries	(7,168)
31 December 2017	<u>4,371</u>
Amortisation for the year	<u>5,879</u>
31 December 2018	<u>10,250</u>

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Net book value:	
31 December 2017	16,122
31 December 2018	10,243

On 25 January 2017 and 19 August 2017, Dean & DeLuca Airport Co., Ltd., ("DDAP") has entered into agreements with King Power Suvamabhumhi Co., Ltd. in connection with the sale operations of food and beverage at the Suvamabhumhi Airport for the period of 3 years 8 months and 3 years 1 month, respectively, expiring on 27 September 2020. In consideration thereof, the subsidiary has to pay the rights 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. Subsequently, DDAP transferred rights of business operation and rights to use assets to Dean & DeLuca Asia (Thailand) Co., Ltd. which were effective from 1 October 2018 onward.

15. Properties for lease

The net book value of properties for lease as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Separate financial statements			
	Sport Club			
	Land	Crystal lagoon	under construction	Total
31 January 2018:				
Cost:	276,680	346,593	51,964	675,237
<u>Less</u> Accumulated depreciation	-	(23,140)	-	(23,140)
Net book value	276,680	323,453	51,964	652,097
31 December 2017:				
Cost:	276,680	346,593	51,964	675,237
<u>Less</u> Accumulated depreciation	-	(15,426)	-	(15,426)
Net book value	276,680	331,167	51,964	659,811

A reconciliation of the net book value of properties for lease for the years 2018 and 2017 is presented below.

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	-	691,198	659,811	674,799
Acquisition of assets	-	9,700	-	3,168
Disposals - net book value	-	-	-	(2,730)
Effect from loss of control in subsidiaries	-	(693,937)	-	-
Depreciation charged	-	(6,961)	(7,714)	(15,426)
Net book value at end of year	-	-	652,097	659,811

The management of the Company has determined that the fair value of project under construction is similar to the net book value.

The Company has mortgaged properties for lease as collateral against long-term loans from a financial institution of the Company and a subsidiary with net book value of Baht 652 million (2017: Baht 660 million), as described in Note 22 to the consolidated financial statements.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis		Cost basis				
	Land	Crystal lagoon	Leasehold improvements	Furniture, fixtures and equipment	Digital advertising screen	Motor vehicles	Assets under installation and construction
							Total
Cost/ Revalued amount:							
1 January 2017	586,870	521,938	564,989	318,711	76,269	41,187	7,576,861
Additions	97	-	95,906	76,146	-	307	2,042,951
Disposals/write-off	-	-	(22,597)	(15,670)	-	(223)	(103,468)
Transfers	3,168	-	33,816	10,483	-	-	3,168
Revaluation surplus	262,524	-	-	-	-	-	262,524
Translation adjustment	-	-	(15,885)	(15,105)	-	(155)	(305,563)
Effect from loss of control in subsidiaries	(305,629)	-	(240,446)	(2,307)	(76,269)	-	(5,618,813)
31 December 2017	547,030	521,938	415,783	372,258	-	41,116	3,857,660

Revaluation							
basis	Cost basis						
						Assets under installation and construction	Total
Land	Crystal lagoon	Leasehold improvements	Furniture, fixtures and equipment	Digital advertising screen	Motor vehicles		
-	-	864	24,822	-	1,283	294,994	321,963
-	-	(148,997)	(63,549)	-	(1,294)	(27,105)	(240,945)
-	-	-	1,394	-	-	(1,686)	(292)
-	-	(1,488)	(1,218)	-	(4)	(2,362)	(5,072)
547,030	521,938	266,162	333,707	-	41,101	2,223,376	3,933,314
-	12,736	126,289	111,526	7,927	16,480	-	274,958
-	12,749	64,370	67,576	2,012	8,058	-	154,765
-	-	(10,700)	(19,822)	-	(8)	-	(30,530)
-	-	(6,398)	(5,491)	-	(71)	-	(11,960)
-	-	(33,645)	(536)	(9,939)	-	-	(44,120)
-	25,485	139,916	153,253	-	24,459	-	343,113
-	12,748	44,111	68,041	-	7,776	-	132,676
-	-	(99,767)	(58,405)	-	(1,294)	-	(159,466)
-	-	(780)	(457)	-	-	-	(1,237)
-	38,233	83,480	162,432	-	30,941	-	315,086
-	-	-	-	-	-	-	-
-	-	1,970	-	-	-	-	1,970
-	-	1,970	-	-	-	-	1,970
547,030	496,453	275,867	219,005	-	16,657	1,959,535	3,514,547
547,030	483,705	180,712	171,275	-	10,160	2,223,376	3,616,258

2017 (Baht 4 million included in construction cost, and the balance in selling and administrative expenses)	154,765
2018 (Baht 4 million included in construction cost, and the balance in selling and administrative expenses)	132,676

(Unit: Thousand Baht)

	Separate financial statements				
	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and construction	Total
Cost:					
1 January 2017	23,352	30,275	20,672	34,020	108,319
Additions	8,886	13,616	-	3,703	26,205
Disposals/write-off	(70)	(2,149)	-	-	(2,219)
Transfers	27,164	6,856	-	(34,020)	-
31 December 2017	59,332	48,598	20,672	3,703	132,305
Additions	-	96	-	51	147
Disposals/write-off	(36,050)	(7,346)	(1,293)	(3,754)	(48,443)
31 December 2018	23,282	41,348	19,379	-	84,009
Accumulated depreciation:					
1 January 2017	11,350	14,561	8,292	-	34,203
Depreciation for the year	5,178	8,361	4,134	-	17,673
Depreciation on disposals/write-off	(21)	(824)	-	-	(845)
31 December 2017	16,507	22,098	12,426	-	51,031
Depreciation for the year	4,454	7,700	3,646	-	15,800
Depreciation on disposals/write-off	(2,597)	(2,370)	(1,293)	-	(6,260)
31 December 2018	18,364	27,428	14,779	-	60,571
Net book value:					
31 December 2017	42,825	26,500	8,246	3,703	81,274
31 December 2018	4,917	13,920	4,600	-	23,438
Depreciation for the year					
2017					17,673
2018					15,800

The Company and a subsidiary arranged for an independent professional valuer to appraise the value of land in 2017 using the market approach.

Key assumptions used in the valuation are summarised below.

	Consolidated financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	18,750	Increase in fair value

Had the land been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2018 and 2017 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2018</u>	<u>2017</u>
Land	284,506	284,506

The Company and a subsidiary has mortgaged land and construction as collateral against the Company and its credit facilities from financial institution of the Company and the subsidiary with net book value of Baht 2,400 million (2017: Baht 2,411 million), as described in Note 22 to the consolidated financial statements.

As at 31 December 2018, the Company and its subsidiaries had vehicles and equipment with net book value of Baht 5.3 million (2017: Baht 14.6 million) which were acquired under finance lease agreements.

As at 31 December 2018, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 120.9 million (2017: Baht 99.5 million) (The Company only: Baht 17.3 million, 2017: Baht 12.7 million).

17. Goodwill

The net book value of goodwill as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	2,551,225	3,655,421
Decrease from sales of assets	(92,684)	(85,258)
Increase in allowance for impairment during the year	-	476,185
Effect from loss of control in subsidiaries	-	(267,963)
Translation adjustment	(14,202)	(284,790)
Net book value at end of year	<u>2,444,339</u>	<u>2,551,225</u>

The Group tests goodwill, trademark and trade name and franchise agreements with indefinite useful lives for impairment loss annually in December. Realisable values are determined based on estimates of the cash flows expected to be realised from the assets, taking into account factors such as actual operating performance, growth rate, future business plans, gross profit margin, and discount rate. These factors are significant because changes in them will affect the net realisable values of the assets.

18. Other intangible assets

The net book value of other intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Trademark and trade name	Non- competition agreements	Franchise agreements	Customer relationships	Computer softwares	
Cost:						
1 January 2017	1,895,623	3,834	666,195	104,196	74,729	2,744,577
Additions	-	-	6,759	-	6,867	13,626
Disposals	-	-	-	-	(905)	(905)
Effect from loss of control in subsidiaries	-	-	(10,759)	-	(179)	(10,938)
Translation adjustment	(168,804)	(342)	(57,828)	(9,279)	(5,412)	(241,665)
31 December 2017	1,726,819	3,492	604,367	94,917	75,100	2,504,695
Additions	-	-	-	-	7,143	7,143
Translation adjustment	(10,063)	(20)	(3,447)	(553)	(311)	(14,394)
31 December 2018	1,716,756	3,472	600,920	94,364	81,932	2,497,444
Accumulated amortisation:						
1 January 2017	-	1,997	214,376	54,269	27,148	297,790
Amortisation for the year	-	908	64,027	24,667	25,411	115,013
Amortisation on disposals	-	-	-	-	(877)	(877)
Effect from loss of control in subsidiaries	-	-	-	-	(61)	(61)
Translation adjustment	-	(212)	(20,873)	(5,771)	(2,631)	(29,487)
31 December 2017	-	2,693	257,530	73,165	48,990	382,378
Amortisation for the year	-	792	60,411	21,540	23,591	106,334
Translation adjustment	-	(13)	(1,218)	(341)	(148)	(1,720)
31 December 2018	-	3,472	316,723	94,364	72,433	486,992
Allowance for impairment loss:						
1 January 2017	-	-	154,609	-	-	154,609
Translation adjustment	-	-	(13,767)	-	-	(13,767)
31 December 2017	-	-	140,842	-	-	140,842
Translation adjustment	-	-	(821)	-	-	(821)
31 December 2018	-	-	140,021	-	-	140,021
Net book value:						
31 December 2017	1,726,819	799	205,995	21,752	26,110	1,981,475
31 December 2018	1,716,756	-	144,176	-	9,499	1,870,431

	(Unit: Thousand Baht)
	Separate
	financial statements
	Computer software
Cost:	
1 January 2017	8,613
Additions	1,078
31 December 2017	9,691
Additions	426
31 December 2018	10,117
Accumulated amortisation:	
1 January 2017	3,045
Amortisation for the year	2,273
31 December 2017	5,318
Amortisation for the year	2,168
31 December 2018	7,486
Net book value:	
31 December 2017	4,373
31 December 2018	2,631

The Group tests goodwill, trademark and trade name and franchise agreements with indefinite useful lives for impairment loss annually in December. Realisable values are determined based on estimates of the cash flows expected to be realised from the assets, taking into account factors such as actual operating performance, growth rate, future business plans, gross profit margin, and discount rate. These factors are significant because changes in them will affect the net realisable values of the assets.

19. Bank overdrafts and short-term loans from financial institutions

	Interest rate		Consolidated		(Unit: Thousand Baht)	
	(percent per annum)		financial statements		Separate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bank overdrafts	6.87	6.87 - 7.2				
	(MOR)	(MOR)	19,719	23,807	-	3,294
Short-term loans from financial institutions					-	
In Thai Baht	5 - 5.5	5 - 5.5				
	(Fixed rate and MLR-0.75)	(Fixed rate and MLR-0.75)	2,715,032	3,993,406	2,445,532	3,723,906
In U.S. Dollars	3.06375	2.7344				
	(LIBOR+1.5)	(LIBOR+1.5)	324,498	326,400	-	-
Total			3,039,530	4,319,806	2,445,532	3,723,906
Less: Deferred front-end fee			(686)	(2,909)	-	(1,667)
Net			3,038,844	4,316,897	2,445,532	3,722,239
Total			3,058,563	4,340,704	2,445,532	3,725,533

As at 31 December 2018, the Company and its subsidiaries had overdraft facilities amounting to Baht 70 million (2017: Baht 80 million) and for the separate financial statements Baht 30 million (2017: Baht 30 million).

On 8 March 2017, the Company entered into the credit facility agreement to obtain Baht 500 million of short-term loan facility from a local financial institution used for working capital of the Company. This loan bears interest at the rate of 5.5 percent per annum and was to be due within 7 March 2018. Subsequently, such credit facility has been extended to roll over many times and was to be due on 29 March 2019.

On 2 October 2017 and 12 October 2017, the Company entered into 2 credit facility agreements with a financial institution to obtain revolving and uncommitted credit lines under promissory notes totaling Baht 3,000 million used for the repayment of maturing debts (bills of exchange and debentures), overdue expenses and working capital of the Company. Subsequently, on 3 January 2018, the Company entered into the amendment credit facility agreement for additional credit facility of Baht 448.65 million. These loans bear interest at the rate of 5 percent per annum and were to be due on 31 May 2018. Subsequently, such credit facilities were extended to roll over many times and will be due on 29 March 2019.

Overdrafts facilities and credit facility agreements are secured by the mortgage of the Company's land and real estate development projects for sales, as described in Note 11 to the consolidated financial statements and related person's land.

On 31 May 2016, Dean & DeLuca, Inc. entered into the short-term credit facilities agreement totaling USD 10 million with a financial institution in the United States of America. Such credit facilities had the maturity date within 2 June 2017 and were guaranteed by a standby letter of credit issued by a financial institution in Thailand of credit of USD 10 million. Subsequently, the subsidiary entered into the amendment and waiver to credit agreement to extend the due date to 2 January 2019. Subsequently, the subsidiary entered into the amendment and waiver to credit agreement to extend the due date to 29 March 2019.

As at 31 December 2018 and 2017, short-term credit facilities agreement from a financial institution of YLP Co., Ltd. amounting to Baht 270 million are secured by the mortgage of the subsidiary's land and real estate development project for sales, as described in Note 11 to the consolidated financial statements.

20. Bills of exchange payables

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	698,076	450,400
Add: Issuance of bills of exchange	1,655,000	1,375,000
Amortisation of prepaid interest expenses	26,062	21,155
Amortisation of front-end fee	245	-
Less: Repayment	(2,180,000)	(1,830,000)
Prepaid interest expenses	(22,510)	(16,555)
Balance as at 31 December 2018	176,873	-

The bill of exchange is subject to interest at a rate 6.35 to 7.5 percent per annum, unsecured and will mature within February to June 2019.

During January 2019 to 28 February 2019, the subsidiary issued bill of exchange totaling Baht 25 million and redeemed bill of exchange totaling Baht 5 million.

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties	-	6,490	6,734	-
Trade payables - unrelated parties	2,050,125	2,483,737	365,280	872,707
Other payables - related parties	39,768	111,699	19,355	18,357
Other payables - unrelated parties	181,596	65,518	101,334	-
Accrued interest expenses	40,707	128,456	13,322	49,934
Accrued expenses	305,407	457,144	43,313	65,275
Accrued construction cost	30,750	116,922	80	1,381
Total trade and other payables	<u>2,648,353</u>	<u>3,369,966</u>	<u>549,418</u>	<u>1,007,654</u>

22. Long-term loans from financial institutions

(Unit: Thousand Baht)								
Loan	Interest rate (%)	Repayment schedule	Currency	Loan facility (Million)	Consolidated		Separate	
					financial statements		financial statements	
					<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
1	MLR - 0.5	Within 30 December 2019	Baht	1,762	1,756,457	1,751,252	1,756,457	1,751,252
2	MLR - 0.5	Within 30 December 2019	Baht	2,912	2,132,707	1,437,461	2,132,707	1,437,461
3	4	Within 30 December 2019	Baht	2,850	1,812,828	-	1,812,828	-
4	4	Within 30 December 2019	Baht	350	295,681	-	295,681	-
5	MLR	Within 16 January 2018	Baht	1,100	-	48,677	-	48,677
6	MLR - 0.5	Within 29 October 2020	Baht	1,090	200,736	94,009	-	-
7	MLR - 0.5	Within 30 September 2022	Baht	1,209	674,591	672,283	-	-
8	LIBOR + 4	Within 29 March 2019	US dollar	80	1,677,146	2,546,192	-	-
9	MLR - 1	Within 30 September 2019	Baht	80	11,150	27,350	-	-
10	5	Within 29 March 2019	Baht	3,000	282,534	2,967,997	-	-
Total					8,843,830	9,545,221	5,997,673	3,237,390
Less: Current portion					(4,395,726)	(4,830,930)	(5,997,673)	(1,799,929)
Long-term loans from financial institutions - net of current portion					<u>4,448,104</u>	<u>4,714,291</u>	<u>-</u>	<u>1,437,461</u>

Movements of the long-term loans from financial institutions account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	9,545,221	3,237,390
Add: Additions	2,904,041	2,800,040
Amortisation of front-end fee	110,331	8,920
Less: Repayment	(3,688,994)	(48,677)
Translation adjustment	(26,769)	-
Balance as at 31 December 2018	8,843,830	5,997,673

On 15 May 2018, the Company entered into a credit facilities agreement with a local financial institution. This grants facilities totaling Baht 350 million separated into 2 credit lines, namely Baht 150 million for the Company to lend to Pace Food Retail Co., Ltd. for the purpose of debt settlement, and Baht 200 million for the Company to lend to YLP Co., Ltd. to fund construction of the subsidiary's real estate development project for sale. The loans are due within 30 December 2019 and carry interest at a fixed rate of 4 percent per annum, with a front-end fee of 1 percent per annum.

On 22 May 2018, the Company entered into a credit facilities agreement with a local financial institution, which grants facilities totaling Baht 2,850 million separated into 3 credit lines. These are a Baht 1,100 million facility to be used to redeem debentures, of which Baht 500 million matured in July 2018 and Baht 600 million matured in November 2018, and facilities of Baht 1,125 million and Baht 625 million to fund the construction of the Company's real estate development projects for sale. The loans are due within 30 December 2019 and carry interest at a fixed rate of 4 percent per annum, with a front-end fee of 1 percent per annum.

On 29 October 2015, a subsidiary entered into a loan agreement with a local financial institution to obtain a loan of Baht 1,090 million that matures on 29 October 2019. Subsequently, on 6 August 2018, the subsidiary entered into an amendment agreement with the financial institution to roll over the loan until 29 October 2020.

The Company and its subsidiaries' long-term loans are secured by the mortgage of land with construction and condominiums thereon in the Company and its subsidiaries' projects as described in Note 11, Note 15 and Note 16 to the consolidated financial statements and all of the shares of Pace Project Two Co., Ltd., Pace Food Retail Co., Ltd. (excluding issued shares during the year), Pace Country Club Co., Ltd., YLP Co., Ltd. and Dean & DeLuca, Inc. held by the Company and its subsidiaries, as described in Note 12.1 to the consolidated financial statements, joint guarantees provided by the subsidiaries and guarantees provided by directors of the Company.

The Company and its subsidiaries are committed to comply with certain conditions as stipulated in the credit facilities agreements. Among others, these include maintaining certain financial ratios, and maintaining a total balance of cash at banks - savings accounts of not less than Baht 30 million at the end of every month until the loan has been repaid.

As at 31 December 2018 and 2017, a subsidiary could not maintain debt to equity ratio not exceeding 2.5 to 1 as stipulated in the credit facilities agreement with a financial institution. The loan will mature within 30 September 2019. Up to present, such financial institution is still giving the credit line to the subsidiary with the normal interest rate. Hence, as at 31 December 2018 and 2017, the subsidiary presented such loan totaling Baht 11 million and Baht 27 million, respectively, as a part of "Current portion of long-term loans from financial institutions" under the current liabilities in the consolidated statement of financial position.

As at 31 December 2018 and 2017, Dean & DeLuca, Inc. 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. Hence, as at 31 December 2018, the subsidiary presented such loans totaling Baht 1,677 million, as a part of "Current portion of long-term loans from financial institutions" under the current liabilities in the consolidated statements of financial position.

As at 31 December 2018, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 3,299 million (2017: Baht 3,017 million).

23. Debentures

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unsubordinated and unsecured debentures				
No. 1/2015	-	200,000	-	200,000
Unsubordinated and unsecured debentures				
No. 2/2015	-	500,000	-	500,000
Unsubordinated and unsecured debentures				
No. 3/2015	-	600,000	-	600,000
Unsubordinated and unsecured debentures				
No. 2/2016	-	523,000	-	523,000
Unsubordinated and unsecured debentures				
No. 3/2016	-	1,500,000	-	1,500,000
Unsubordinated and unsecured debentures				
No. 1/2017	1,219,000	1,219,000	1,219,000	1,219,000
Unsubordinated and secured debentures				
No. 1/2018	40,000	-	-	-
Total debentures	1,259,000	4,542,000	1,219,000	4,542,000
Less: Issuing costs	(6,334)	(15,075)	(5,171)	(15,075)
Total debentures - net of issuing costs	1,252,666	4,526,925	1,213,829	4,526,925
Less: Current portion	(38,837)	(3,317,611)	-	(3,317,611)
Current portion over one year but				
classified as current liabilities	(1,213,829)	(1,209,314)	(1,213,829)	(1,209,314)
Debentures - net of current portion	-	-	-	-

Movements of the debentures account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	4,526,925	4,526,925
Add: Issuance of debentures	40,000	-
Amortisation of deferred debenture issuing costs	9,904	9,904
Less: Repayment	(3,323,000)	(3,323,000)
Deferred debenture issuing costs	(1,163)	-
Balance as at 31 December 2018	1,252,666	1,213,829

On 14 December 2018, the Extraordinary General Meeting of the subsidiary's shareholders No. 5/2018 passed a resolution approving the subsidiary to issue and offer of debentures, as detailed below.

Total amount	: Amount not exceeding Baht 300 million at any moment
Type	: All types and all forms of debentures, subordinated or unsubordinated debentures, gradually repay principle debentures or one time repay principle on redemption date, secured debentures or unsecured debentures, with or without debentures holders' representative, depending on the market conditions at the time of issuance and offering of the debentures
Term	: Not over 270 days for short-term debentures and not over 10 years for long-term debentures
Offering	: To be offered the debentures to a public offering and/or a private placement and/or institutional investors and/or high net worth investors in entirety or partially which may be offered in one occasion or multiple occasions
Premature redemption	: Subject to the terms and conditions of each issuance of the debentures
Interest rate	: Depending on the market conditions at the time of issuance and offering of the debentures

During the year, the subsidiary issued and offered the debentures in accordance with the resolution of the Extraordinary Meeting of the subsidiary's shareholders No. 5/2018 on 14 December 2018, as detailed below.

Debentures	Unit par		Total value (Baht)	Issue date	Term	Maturity Date	Coupon rate (% per annum)
	Unit	(Baht)					
Secured debentures No. 1/2018#1	10,000	1,000	10,000,000	19 December 2018	132 days	30 April 2019	7
Secured debentures No. 1/2018#1	10,000	1,000	10,000,000	19 December 2018	162 days	30 May 2019	7
Secured debentures No. 1/2018#1	10,000	1,000	10,000,000	20 December 2018	188 days	26 June 2019	7
Secured debentures No. 1/2018#1	10,000	1,000	10,000,000	20 December 2018	195 days	3 July 2019	7

The debentures' guarantee provided by a director of the Company. For the purpose of repayment the debentures, the subsidiary issued postdate cheques for an investor and at the time of redemption, the subsidiary agreed that the investor redeems these postdate cheques without having to notify or demand the subsidiary.

As at 31 December 2018, the Company's debentures are unsubordinated and unsecured debentures in registered name. The debentures are mature in February 2020 and bearing interests at the rate of 6.5 percent per annum and interest is payable every 3 month. The debenture agreements contain several covenants which require the Company to maintain financial ratio and others. However, as at 31 December 2018 and 2017, the Company could not maintain debt to equity ratio as stipulated in the debenture agreements. Hence, the Company presented such current debentures totaling Baht 1,214 million and Baht 1,209 million, respectively, as a part of "current portion of debentures" under the current liabilities in the statement of financial position.

24. Long-term loans from other persons and other companies

(Unit: Thousand Baht)							
Loan	Interest rate (%)	Repayment schedule	Loan facility (Million Baht)	Consolidated financial statements		Separate financial statements	
				2018	2017	2018	2017
(1)	6	Within 17 December 2018	30	-	30,000	-	30,000
(2)	12	Within 17 August 2019	500	245,295	490,589	-	-
Total				245,295	520,589	-	30,000
Less: Current portion				(245,295)	(30,000)	-	(30,000)
Long-term loans from other persons and other companies, net of current portion				-	490,589	-	-

Movements of the long-term loans from other persons and other companies account during the year ended 31 December 2018 are summarised below.

(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	520,589	30,000
Less: Transferred to deposits received from customer	(100,000)	-
Repayment	(180,000)	(30,000)
Payment of front-end fee	(7,500)	-
Add: Amortisation of deferred front-end fee	12,206	-
Balance as at 31 December 2018	245,295	-

Long-term loans (2) bear a front-end fee of 3 percent per annum. The loans are secured by the Company and the rights on memberships of Mahasamutr Country Club and a subsidiary's shares held by the Company, as described in Note 12.1 and Note 34.4 a) to the consolidated financial statements. The loans agreements contain several covenants which require the subsidiary to maintain.

25. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Post-employment		Other long-term			
	benefits from		employee benefits			
	employee's retirement		plan		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits						
at beginning of year	18,273	17,482	-	-	18,273	17,482
Included in profit or loss:						
Current service cost	4,181	4,642	-	-	4,181	4,642
Interest cost	525	579	-	-	525	579
Past service costs	-	-	1,186	-	1,186	-
Increase from acquisition of subsidiary	327	-	-	-	327	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(3,317)	(5,355)	-	-	(3,317)	(5,355)
Financial assumptions changes	(198)	1,075	-	-	(199)	1,075
Experience adjustments	(5,129)	(52)	-	-	(5,129)	(52)
Benefits paid during the year	(430)	(98)	-	-	(430)	(98)
Provision for long-term employee benefits						
at end of year	<u>14,232</u>	<u>18,273</u>	<u>1,186</u>	<u>-</u>	<u>15,418</u>	<u>18,273</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits	16,000	15,025	-	-	16,000	15,025
at beginning of year						
Included in profit or loss:						
Current service cost	3,599	4,062	-	-	3,599	4,062
Interest cost	468	502	-	-	468	502
Past service costs	-	-	514	-	514	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(3,178)	(4,938)	-	-	(3,178)	(4,938)
Financial assumptions changes	(211)	908	-	-	(211)	908
Experience adjustments	(4,110)	441	-	-	(4,110)	441
Provision for long-term employee benefits						
at end of year	12,568	16,000	514	-	13,082	16,000

Line items in profit or loss under which long-term employee benefit expense are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Post-employment		Other long-term			
	benefits from		employee benefits plan		Total	
	employee's retirement					
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of sales	54	50	20	-	74	50
Selling and administrative expenses	4,652	5,171	1,166	-	5,818	5,171
Total expenses recognised in						
profit or loss	4,706	5,221	1,186	-	5,892	5,221

(Unit: Thousand Baht)

Separate financial statements						
	Post-employment		Other long-term		Total	
	benefits from		employee benefits plan			
	employee's retirement		employee benefits plan			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Selling and administrative expenses	4,067	4,564	514	-	4,581	4,564
Total expenses recognised in profit or loss	4,067	4,564	514	-	4,581	4,564

The Company and its subsidiaries expect to pay Baht 9 million of long-term employee benefits during the next year (Separate financial statements: Baht 8 million) (2017: Baht 7 million, separate financial statements: Baht 7 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 6 - 21 years (Separate financial statements: 6 years) (2017: 9 - 21 years, separate financial statements: 9 years).

Significant actuarial assumptions are summarised below.

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Percent per annum)	(Percent per annum)	(Percent per annum)	(Percent per annum)
Discount rate	2.30 - 3.21	2.39 - 3.78	2.30	2.39
Salary increase rate	4.74 - 6.00	4.74 - 7.00	5.56	5.91
Turnover rate	0.00 - 59.00	0.00 - 52.00	0.00 - 32.00	0.00 - 24.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation under post-employment benefits from employee's retirement as at 31 December 2018 and 2017 are summarised below.

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(0.3)	0.4	(0.3)	0.3
Salary increase rate	0.4	(0.3)	0.3	(0.3)
Turnover rate	(0.4)	0.4	(0.3)	0.3

(Unit: Million Baht)

	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(0.51)	0.5	(0.5)	0.5
Salary increase rate	0.5	(0.5)	0.5	(0.4)
Turnover rate	(0.6)	0.6	(0.5)	0.6

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 0.9 million (The Company only: Baht 0.6 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

26. Share capital / Share premium (discount)

- a) On 3 January 2018, the Company's Board of Directors Meeting passed the resolutions approving the Company to issue and offer additional ordinary shares to specific investors (Private Placement) as approved by the Extraordinary General Meeting of the Company's shareholders on 14 December 2017 to a financial institution in Thailand. The financial institution intended to reserve the right on purchasing the Company's additional ordinary shares with a total amount not exceeding 1,500 million shares. The first subscription of such financial institution was made with an amount of Baht 204 million (400 million ordinary shares of Baht 0.51 each). The Company registered the increase in its paid-up share capital with the Ministry of Commerce on 9 January 2018 from Baht 3,758,028,197 (3,758,028,197 ordinary shares of Baht 1 each) to Baht 4,158,028,197 (4,158,028,197 ordinary shares of Baht 1 each).
- b) During 29 January 2018 to 15 February 2018, the Company received the proceeds of an increase in share capital offered to the existing shareholders in proportion to their shareholding (Right Offering) totaling Baht 3,690 million (7,380,662,354 ordinary shares of Baht 0.50 each). The Company registered the increase in its paid-up share capital with the Ministry of Commerce on 16 February 2018 from Baht 4,158,028,197 (4,158,028,197 ordinary shares of Baht 1 each) to Baht 11,538,690,551 (11,538,690,551 ordinary shares of Baht 1 each).

- c) During the year, the warrants to purchase the ordinary shares of the Company No.1 amounting to Baht 257 were exercised (321 ordinary shares of Baht 0.8 each). The Company registered the increase in its paid-up share capital from Baht 11,538,690,551 (11,538,690,551 ordinary shares of Baht 1 each) to Baht 11,538,690,872 (11,538,690,872 ordinary shares of Baht 1 each) with the Ministry of Commerce on 27 August 2018.
- d) On 29 August 2018, the Company's Board of Directors Meeting No.16/2018 passed the resolutions approving the Company to issue and offer additional ordinary shares to a specific investor (Private Placement), namely a foreign fund, as approved by the Extraordinary General Meeting of the Company's shareholders on 14 December 2017. The fund exercised its subscription right to subscribe totaling Baht 290 million for the shares (500 million ordinary shares of Baht 0.58 each) to the Company. On 3 September 2018, the Company registered the increase in its paid-up share capital from Baht 11,538,690,872 (11,538,690,872 ordinary shares of Baht 1 each) to Baht 12,038,690,872 (12,038,690,872 ordinary shares of Baht 1 each) with the Ministry of Commerce.

The remaining of newly-issued ordinary shares to be allocated to the specific investors (Private Placement) shall be 600 million shares were expired.

The increase in share capital resulted in an increase of Baht 4,096 million in the share discount and the Company incurred costs related to the issuance of new ordinary shares of approximately Baht 6 million after tax benefits which was recorded in discount on ordinary shares.

27. Warrants to purchase the ordinary shares

From January 2018 to February 2018, the Company issued and distributed the warrants to purchase the ordinary shares of the Company No.1 ("Warrant PACE-W1") and the warrants to purchase the ordinary shares of the Company No.2 ("Warrant PACE-W2") to the existing shareholders who subscribed to the newly issued ordinary shares which were allocated for no compensation, in ratios of every 5 newly issued ordinary shares for 1 warrant and every newly 3 issued ordinary shares for 1 warrant, respectively, in accordance with a resolution approved by the Extraordinary General Meeting of the Company's shareholders on 14 December 2017. The warrants are detailed as follows:

	Warrant PACE-W1	Warrant PACE-W2
Issue date	23 February 2018	23 February 2018
Number of warrants	1,476,132,380 units	2,460,220,171 units
Contractual lives	6 months from issue date	5 years from issue date
Exercise price	1 warrant can purchase 1 ordinary share at an exercise price of Baht 0.8	1 warrant can purchase 1 ordinary share at an exercise price of Baht 2
Number of warrants were exercised during the year	321 units	-

The last exercise date of warrants (PACE-W1) was on 22 August 2018, and 1,476,132,059 warrants (PACE-W1) expired without being exercised.

28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

29. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Costs of sales of land and houses and residential condominium units	4,653,998	4,451,246	138,621	102,725
Change in inventories	77,717	(87,818)	-	-
Purchase of inventories	1,166,384	1,689,793	-	-
Employee benefit expenses	1,246,002	1,734,204	204,044	321,194
Management benefit expenses	52,688	48,617	48,968	45,076
Selling, marketing and advertising expenses	662,775	1,335,845	64,504	27,452
Commission expenses	25,508	60,613	-	2,710
Depreciation and amortisation	245,223	282,786	26,031	35,740
Professional and consulting fees	431,412	653,182	166,479	172,091
Rental, service and utilities expenses	727,448	850,073	26,191	48,058
Impairment loss on investment and long-term loans to subsidiaries and interest receivables	-	-	705,464	37,850
Impairment loss on investment and long-term loans to joint ventures and interest receivables	-	1,634,000	-	1,829,569
Impairment loss on assets	-	670,443	-	109,000
Bank charges and credit card fee	54,050	15,031	413	548
Loss on disposal of assets	3,532,841	-	-	-
Cost of interior service	9,327	773	-	-
Other expenses	194,929	975,543	49,667	232,511

30. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	(3,258)	(6,912)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	52,061	(911,169)	(46,387)	53,179
Income tax reported in the statement of comprehensive income	<u>48,803</u>	<u>(918,081)</u>	<u>(46,387)</u>	<u>53,179</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax on actuarial gain	(1,729)	(866)	(1,500)	(718)
Deferred tax on gain from revaluation of land	-	(52,505)	-	-
	<u>(1,729)</u>	<u>(53,371)</u>	<u>(1,500)</u>	<u>(718)</u>

The reconciliation between accounting profit (loss) and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	<u>(5,201,613)</u>	<u>1,089,489</u>	<u>(4,146,946)</u>	<u>(2,751,685)</u>
Applicable tax rate	20% and 28.6%	20% and 40.3%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(1,190,781)	468,717	(829,389)	550,337
Effects of:				
Non-deductible expenses	(263,358)	(224,005)	(7,442)	(319)
Additional expense deductions allowed	(154,870)	-	(2,298)	-
Write-off deferred income tax assets on uncertainty of tax loss carry forward	-	(26,000)	-	(26,000)
Unrecognition of temporary differences which have not been recognised	1,862,989	(441,728)	978,083	(418,295)
Unrecognition of tax loss carry forward which deferred tax assets have not been recognised	(102,774)	(668,533)	-	(52,544)
Reversal of accrued interest to other reserve	-	(5,570)	-	-
Others	(200,009)	(20,962)	(92,567)	-
Total	<u>1,141,978</u>	<u>(1,386,798)</u>	<u>875,776</u>	<u>(497,158)</u>
Income tax expense reported in the statement of comprehensive income	<u>48,803</u>	<u>(918,081)</u>	<u>(46,387)</u>	<u>53,179</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Recognise revenue from sale of land and houses and residential condominium units	10,685	44,333	-	-
Depreciation	4,820	21,085	2,636	1,926
Capitalise expenses and interest as part of land	21,748	30,255	18,716	9,041
Loss carry forward	222,383	299,967	152,672	215,155
Deferred debenture underwriting fee	(1,034)	(5,662)	(1,034)	(5,662)
Others	10,154	24,577	7,312	7,729
Total	<u>268,756</u>	<u>(149,488)</u>	<u>180,302</u>	<u>228,189</u>
Deferred tax liabilities				
Intangible assets - net	129,639	332,982	-	-
Effect from loss of control in subsidiaries	-	1,208,729	-	-
Revaluation surplus on land	52,505	52,505	-	-
Total	<u>182,144</u>	<u>1,594,216</u>	<u>-</u>	<u>-</u>

As at 31 December 2018, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,763 million (2017: Baht 2,332 million) (The Company only: Baht 6,839 million (2017: Baht 497 million)), on which deferred tax assets have not been recognised as the Company and its subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 4,309 million (2017: Baht 4,728 Million) (The Company only: Baht 763 million (2017: Baht 1,539 million)), will expire by 2023

31. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year.

Diluted earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic earnings per share.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit (loss) for the year attributable to equity holders of the Company (Thousand Baht)	(5,155,515)	171,117	(4,193,333)	(2,698,506)
Weighted average number of ordinary shares (Thousand shares)	11,055,398	3,758,028	11,055,398	3,758,028
Profit (loss) per share (Baht)	(0.466)	0.046	(0.379)	(0.718)

An exercise price of the Warrants PACE-W2 was higher than the average market price of the Company's shares for year ended 31 December 2018. Therefore, the Company has not included the conversion of the warrants in the calculation of diluted earnings per share.

32. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- The real estate development segment, which develops and sells land and houses, and condominium units
- The rental and service, which develops and leases out shopping centre
- The retailer of premium gourmet and delicatessen segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker 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 total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit (loss) information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2018 and 2017, respectively.

(Unit: Million Baht)

	Real estate development		Rental and service		Retailer of premium gourmet and delicatessen		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from external customers	6,115	5,924	-	17	2,434	3,142	-	-	8,549	9,083
Inter-segment revenues	-	-	-	7	20	24	(20)	(31)	-	-
Total revenues	6,115	5,924	-	24*	2,454	3,166	(20)	(31)	8,549	9,083
Segment operating profit (loss)	1,298	1,291	-	(5)	1,137	1,488	163	169	2,598	2,944
Unallocated revenues and expenses:										
Other income									264	188
Selling expenses									(2,146)	(3,304)
Administrative expenses									(1,528)	(2,652)
Loss on impairment of investments and long-term loans to a joint venture and interest receivables									-	(1,634)
Loss on impairment of assets									-	(585)
Loss on disposal of assets									(3,533)	-
Effect from loss of control in subsidiaries									-	7,113
Share of loss from investments in joint ventures									(47)	(5)
Finance cost									(810)	(976)
Income tax									49	(918)
Profit (loss) for the year									(5,153)	171

* Changed status from subsidiary to joint venture during the second quarter of 2017 and disposed the segment during the second quarter of 2018.

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	6,806	6,491
United States of America	2,007	2,780
Total	<u>8,813</u>	<u>9,271</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	15,064	25,622
United States of America	5,804	6,103
Japan	744	698
Total	<u>21,612</u>	<u>32,423</u>

33. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiaries contribute to the fund monthly at the rate of 3 percent to 7 percent of basic salary and employees contribute to the fund monthly at the rate of 3 percent to 15 percent of basic salary. The fund, which is managed by SCB Asset Management Co.,Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 11.2 million (2017: Baht 12.4 million) (The Company only: Baht 7.3 million (2017: Baht 7.9 million)) were recognised as expenses.

34. Commitments and contingent liabilities

34.1 Capital commitments

- As at 31 December 2018, the Company and its subsidiaries had commitments under the agreements and letters of intent for the costs of real estate development project, construction, interior services and purchase of equipment amounting to Baht 2,373 million (2017: Baht 3,151 million) (Separate financial statements: Baht 1,194 million (2017: Baht 1,422 million)).
- As at 31 December 2018 and 2017, the Company had commitments to pay the cost of land for new development project and related expenses amounting to Baht 1,089 million.

As at 31 December 2018 and 2017, the Company had advance payment for purchase of land of Baht 100 million. Under the term of agreements to sell and purchase of land dated 4 January 2017 and amendment agreements dated 31 January 2017 and 21 February 2017, the ownership on such land shall be transferred to the Company when payments are made in full amount within 31 July 2017, otherwise the seller has the right to confiscate such deposit without any notice. The Company sent the intention letter to purchase of land dated 29 August 2017 to the seller and received the acknowledge letter from the seller dated 1 September 2017 for consideration of the Company's proposal without any mention of waiving its confiscation rights on such deposits. Based on the in-house legal counselor's opinion of the Company, the seller has the right to confiscate such deposit. However, as verbally discussed between the Company's management and the seller, with the Company going to 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.

34.2 Operating lease and service commitments

- a) As at 31 December 2018, a subsidiary had concession fee under the agreements in connection with the sale operations of foods and beverages at the Suvarnabhumi Airport with King Power Suvarnabhumi Co., Ltd. of Baht 99 million (2017: Baht 133 million).
- b) The Company and its subsidiaries had commitments under various operating lease agreements covering the retail rental agreements, warehouse, office premises and commitments under sponsorship agreements with internationally known events in the United States of America for the period of 4 months to 193 months.

As at 31 December 2018 and 2017, the Company and its subsidiaries had the total of future minimum lease payments under non-cancellable operating leases and the commitments are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable within:				
Less than 1 year	Baht 26 million and USD 26 million	Baht 69 million and USD 30 million	Baht 6 million	Baht 35 million
1 to 5 years	Baht 3 million and USD 97 million	Baht 57 million and USD 114 million	Baht 1 million	Baht 36 million
Over 5 years	USD 46 million	USD 61 million	-	-

34.3 Other commitments

On 16 March 2009, a subsidiary entered into a Residential Marketing License Agreement with Global Hospitality Licensing S.A.R.L. (“GHL”), whereby the latter would grant the subsidiary the license to use The Ritz-Carlton Residences, Bangkok as license marks. The term commenced from the effective date until the earlier of 31 December 2015 or the closing of all residential units. In consideration thereof, the subsidiary was committed to pay the license fee at the rate specified in the agreement. Subsequently, on 29 December 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 30 June 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 30 June 2018 or the closing of all residential units. Subsequently, on 12 July 2018, the subsidiary entered into memorandum with GHL and agreed to pay license fee for 25 untransferred condominium units totaling Baht 109 million, approximately, to GHL within 30 November 2018 and on 1 August 2018, the subsidiary entered into Side Letter of RMLA Regarding Term to extend the effective term to the earlier of 30 June 2019 or the closing of all residential unit. As at 31 December 2018, such subsidiary was obliged to the license fee for the 14 untransferred condominium units totaling Baht 48 million.

34.4 Guarantees

- a) As at 31 December 2018 and 2017, the Company guaranteed loans and credit facilities of its subsidiaries amounting to Baht 4,749 million and USD 80 million.
- b) As at 31 December 2018 and 2017, the Company had outstanding bank guarantees with a financial institution in Thailand amounting to Baht 53 million, relating to the obligation arising from the ordinary course of business of the Company and its subsidiaries. The Company has mortgaged land with structures which develop on the Company's land and project under development for sales as collateral for issuing the bank guarantees.
- c) As at 31 December 2018 and 2017, a subsidiary had current account amounting to USD 0.8 million (equivalent to Baht 26.7 million and Baht 26.8 million, respectively) was pledged as collateral for letters of credit according to a requirement of leases on the 3 cafés and an office in New York.
- d) As at 31 December 2018 and 2017, Dean & DeLuca Asia (Thailand) Co., Ltd. and Dean & DeLuca Airport Co., Ltd., respectively, had commitment to provide a letter of bank guarantee of Baht 28 million to King Power Suvarnabhumi Co., Ltd. to guarantee their performance business operation.

35. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading security				
- Open-end fixed income fund	-	7	-	7
Land	-	-	547	547
Liabilities for which fair value are disclosed				
Debentures	-	1,215	40	1,255

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading security				
- Open-end fixed income fund	-	10	-	10
Land	-	-	547	547
Liabilities for which fair value are disclosed				
Debentures	-	4,544	-	4,544

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading security				
- Open-end fixed income fund	-	7	-	7
Liabilities for which fair value are disclosed				
Debentures	-	1,215	-	1,215

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading security				
- Open-end fixed income fund	-	10	-	10
Liabilities for which fair value are disclosed				
Debentures	-	4,544	-	4,544

36. Financial instruments

36.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other accounts receivable, restricted savings deposit and current accounts, loans, bank overdrafts and short-term loans, bills of exchange payables, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other account receivables and loans stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to its cash at banks, bank overdrafts and short-term loans, bill of exchange payables, long-term borrowings and debentures. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	2018						
	Consolidated financial statements						
	Fixed interest rates			Floating	Non - interest		Effective
	Within	1-5	Over	Floating	Non - interest	Total	interest rate
	1 year	years	5 years	interest rate	bearing		(% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	1,171	107	1,278	0.10 - 0.40
Current investments	-	-	-	-	7	7	-
Trade and other receivables	-	-	-	-	887	887	-
Refundable value added tax	-	-	-	-	16	16	-
Restricted savings deposit and current accounts	-	-	-	32	-	32	0.375
Long-term loans to related parties and interest receivables	-	131	-	-	4	135	2.64
	-	131	-	1,203	1,021	2,355	
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	2,714	-	-	344	-	3,058	3.06 - 6.87
Bills of exchange payables	177	-	-	-	-	177	6.35 - 7.5
Trade and other payables	-	-	-	-	2,648	2,648	-
Payable for purchase of land	-	-	-	-	101	101	-
Short-term loans from related parties and interest payables	-	-	-	-	86	86	-
Long-term loans from financial institutions	2,391	-	-	6,453	-	8,844	4 - 5.65
Debentures	1,253	-	-	-	-	1,253	6.5 - 7
Long-term loans from other persons and other companies	245	-	-	-	-	245	12
Liabilities under finance lease agreements	3	1	-	-	-	-	5.75 - 11.52
	6,783	1	-	6,797	2,835	16,416	

(Unit: Million Baht)

	2017						
	Consolidated financial statements						
	Fixed interest rates			Floating	Non - interest	Total	Effective
	Within	1-5	Over	Floating	Non - interest		Effective
	1 year	years	5 years	interest rate	bearing		interest rate
							(% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	851	351	1,202	0.10 - 0.40
Current investments	-	-	-	-	10	10	-
Trade and other receivables	-	-	-	-	140	140	-
Refundable value added tax	-	-	-	-	84	84	-
Restricted savings deposit and current accounts	-	-	-	100	-	100	0.375
Accrued management fee income from related parties	-	-	-	-	106	106	-
Long-term loans to related parties and interest receivables	-	1,609	-	132	302	2,043	2.64 and 7.5
	-	1,609	-	1,083	993	3,685	
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans							
from financial institutions	3,722	-	-	619	-	4,341	3.063 - 7.2
Bills of exchange payables	698	-	-	-	-	698	6.5 - 7.75
Trade and other payables	-	-	-	-	3,370	3,370	-
Payable for purchase of land	-	-	-	-	101	101	-
Short-term loans from related parties and interest payables	35	-	-	-	86	121	7.5
Other non-current payables - joint ventures	-	-	-	-	437	437	-
Long-term loans from related parties and interest payables	-	500	-	-	29	529	7.5
Long-term loans from financial institutions	-	-	-	9,545	-	9,545	5 - 6.025
Debentures	4,527	-	-	-	-	4,527	5.4 - 7
Long-term loans from other persons and other companies	30	491	-	-	-	521	6 and 12
Liabilities under finance lease agreements	3	3	-	-	-	6	5.42 - 11.125
	9,015	994	-	10,164	4,023	24,196	

(Unit: Million Baht)

	2018						
	Separate financial statements						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non - interest bearing	Total	Effective interest rate
							(% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	817	23	840	0.375 - 0.4
Current investments	-	-	-	-	7	7	
Trade and other receivables	-	-	-	-	793	793	
Accrued management fee income from related parties	-	-	-	-	322	322	
Long-term loans to related parties and interest receivables	-	5,191	-	-	1,149	6,340	5 - 9.025
	-	5,191	-	817	2,294	8,302	
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	2,446	-	-	-	-	2,446	4 - 5.5
Trade and other payables	-	-	-	-	549	549	
Payable for purchase of land	-	-	-	-	101	101	
Long-term loans from related parties and interest payables	-	8,142	-	-	174	8,316	
Long-term loans from financial institutions	2,108	-	-	3,890	-	5,998	
Debentures	1,214	-	-	-	-	1,214	6.5
Liabilities under finance lease agreements	2	1	-	-	-	3	5.42 - 11.125
	5,770	8,143	-	3,890	824	18,627	

(Unit: Million Baht)

	2017						
	Separate financial statements						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non - interest bearing	Total	Effective interest rate
							(% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	90	38	128	0.375 - 0.40
Saving deposit with specific purpose	-	-	-	1	-	1	0.375
Current investment	-	-	-	-	10	10	-
Trade and other receivable	-	-	-	-	200	200	-
Restricted savings deposit and current accounts	-	-	-	47	-	47	0.375
Accrued management fee income from related parties	-	-	-	-	289	289	-
Long-term loans to related parties and interest receivables	-	4,440	-	2,381	1,699	8,520	7.5 - 9.025
	-	4,440	-	2,519	2,236	9,195	
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	3,722	-	-	-	4	3,726	5 - 5.5
Bills of exchange payables	450	-	-	-	-	450	6.5 - 7.75
Trade and other payables	-	-	-	-	1,008	1,008	-
Payable for purchase of land	-	-	-	-	101	101	-
Long-term loans from financial institutions	-	-	-	3,237	-	3,237	5 - 6.025
Debentures	4,527	-	-	-	-	4,527	5.4 - 7
Long-term loans from other persons and other companies	30	-	-	-	-	30	6
Liabilities under finance lease agreements	3	2	-	-	-	5	5.42 - 11.125
	8,732	2	-	3,237	1,113	13,084	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	25	5	1,138	1,722	32.45	32.64
Euro	-	-	70	222	37.13	39.02
Pound sterling	-	-	326	326	41.07	43.97
Japanese Yen	-	-	76,602	87,078	0.29	0.29
Hong Kong dollar	-	-	66	66	4.14	4.18

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	85,732	79,275	26	70	32.45	32.64
Euro	-	-	60	212	37.13	39.02
Pound sterling	-	-	315	315	41.07	43.97
Japanese Yen	-	-	2,777	10,504	0.29	0.29

36.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other accounts receivable, bank overdrafts and short-term loans from financial institutions, bills of exchange payables and trade and other accounts payable, their carrying amounts in the statement of financial position approximate their fair value.

- b) For equity securities, their fair value is generally derived from quoted market prices.
- c) For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current period, there were no transfers within the fair value hierarchy.

37. Capital management

The primary objective of the Company and its subsidiaries' capital management are to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 16.1:1 (2017: 13.3:1) and the Company's was 4.6:1 (2017: 3.4:1).

38. Events after the reporting period

On 21 December 2018, the Board of Directors' Meeting of the Company No. 19/2018 passed a resolution to approve the Company to provide financial assistance totaling not more than Baht 49 million to a subsidiary, three related companies and a unrelated company. Subsequently, on 25 January 2019, the Company entered into loan agreements as follows:

(Unit: Million Baht)

Long-term loans	Relationship	Principal	Interest	Total
Fourteen Points Co., Ltd.	Related company	22.9	2.5	25.4
MahaNakhon Bespoke Tailoring Co., Ltd.	Related company	1.9	0.2	2.1
Verita MHK (Thailand) Co., Ltd.	Related company	17.3	1.9	19.2
Dean & DeLuca Asia (Thailand) Co., Ltd.	Subsidiary	4.8	0.5	5.3
Total		46.9	5.1	52

1. Repayment is due 2 years from the drawdown date.
2. The loans carry interest at a rate of 5.5 percent per annum, payable every 6 months.
3. Any measures that the Company deems appropriate and to which the borrowers agree may be taken in order to mitigate the Company's risk in relation to providing of the loans.

39. Reclassification

The Company has reclassified the following transactions presented herein as comparative information:

(Unit: Thousand Baht)

	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	As classified	As previously reported	As classified	As previously reported
Trade and other receivables	140,012	80,101	199,943	38,564
Advances to and other current receivables from subsidiaries and joint venture	-	38,186	-	161,379
Other current assets	224,747	246,472	46,843	46,843
Trade and other payables	3,369,965	2,490,227	1,007,653	872,707
Other current payables to subsidiaries, joint ventures and related companies	-	111,699	-	18,357
Other current payables	-	65,518	-	-
Accrued expenses	-	584,240	-	114,019
Accrued construction costs	-	116,921	-	1,381
Other current liabilities	398,175	399,535	15,777	119,029
Other non-current liabilities	-	-	102,062	-

(Unit: Thousand Baht)

	For the year ended 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	As previously		As previously	
	As classified	reported	As classified	reported
Administrative expenses	2,651,759	2,508,048	836,814	580,049
Loss on impairment of investments and long-term loans to subsidiaries and interest receivables	-	-	37,850	-
Loss on impairment of investments and long-term loans to a joint venture and interest receivables	1,634,000	-	1,829,569	-
Loss on impairment of assets	585,185	2,304,443	109,000	1,976,419
Management benefit expenses	-	51,624	-	48,083
Loss on foreign exchange - net	-	6,830	-	208,682

The reclassifications had no effect to previously reported profit (loss) or shareholders' equity.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.

GENERAL INFORMATION AND IMPORTANT INFORMATION

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED

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 th Floor Unit 4, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
Registration Number	0107554000232
Website	www.pacedev.com
Telephone	02 118 9599
Fax	02 118 9598

OTHER REFERENCE INFORMATION

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. Siraporn Ouuanunkun Certified Public Accountant, Registration No. 3844 EY Office Company Limited 33 rd Floor, Lake Rajada Office Complex, 193 / 136 - 137 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel. 02 264 9090 Fax. 02 264 0790
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. 1 / 2015 Maturity Year 2018 No. 2 / 2015 Maturity Year 2018 No. 1 / 2016 Maturity Year 2018 No. 2 / 2016 Maturity Year 2018 No. 1 / 2017 Maturity Year 2020



DEAN & DELUCA

MAHA
NAKHON

NIMIT
LANGSUAN



SALADAENG
RESIDENCES



WINDSHELL NARADHIWAS

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