



**Pace Development Corporation Public
Company Limited**

**Annual Report 2019
Form 56-2**

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Section 1 *Overview of Business*

1. Policy and Overview of Business

1.1 Vision 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.

Our Mission

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

Business Strategy

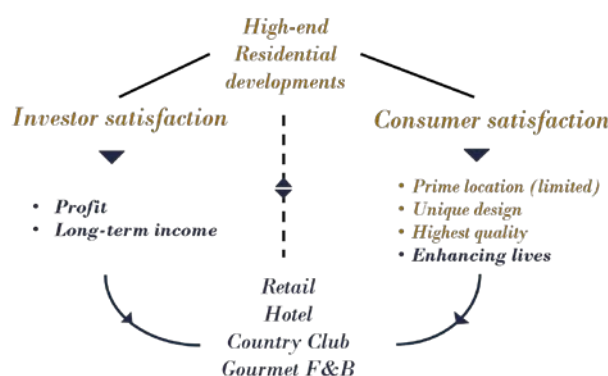
PACE specializes in serving the needs of our high-end client base through active engagement and consumer insights which enable the Company to be a leader in property development, hospitality, and retail. The business strategy of PACE features the following categories:

- **High-end residential development**

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

- **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.

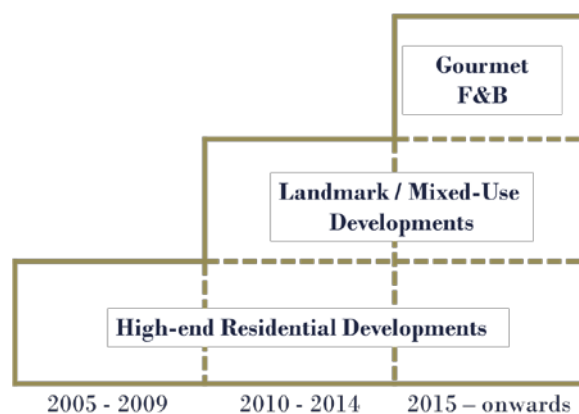


The diagram of PACE's business strategy

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.

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



PACE's stages of development

1.2 Significant Changes and Development

Pace Development Corporation Public Company Limited ("the Company") has its main business in the high-end real estate development, lifestyle business, and gourmet food and beverage retail worldwide under the "DEAN & DELUCA" brand, where it became the owner of the stores in the U.S.A. and Thailand. As of December 31st, 2019, the Company's registered capital and paid up capital is THB 14,373 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	The Company restructured the ownership portions within the group to prepare for listing in the Stock Exchange of Thailand (SET). The Company completed the process of converting into a public company by increasing its capital increase to THB 600 million for public offering. The Company changed the name to Pace Development Corporation Public Company Limited (PACE).
2013	The Company launched MahaSamutr project, a luxury mixed-use development in Hua Hin with Thailand's first private Country Club and Villas. The Company is listed in the Stock Exchange of Thailand (SET) with a registered capital of THB 2,054.3 million. The Company bought shares and shareholder loans of the jointly controlled entities from IBC Thailand and IDJ Holdings

Year	Significant changes within the year
2014	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%.
	The Company commenced construction of MahaSamutr Development, Hua Hin.
	The Company bought land and successfully changed the proprietary right in MahaNakhon from leasehold to freehold.
	Founded Pace Country Club Co., Ltd. and Pace Food Retail Co., Ltd.
2015	Acquired DEAN & DELUCA, the world's iconic gourmet food and beverages brand valued USD 140 million.
	Officially launched Nimit Langsuan project.
	Purchased the rest of the shares of Pace One, Pace Two, Pace Three, and PRE from IBC Thailand and IDJ Holdings Co., Ltd.
	Allocated ordinary shares for private placement totally 542.7 million shares as consideration to IBC Thailand Ltd. and IDJ Holding Co., Ltd. at the offering price of THB 3.39 per share.
2016	Acquired ordinary shares and assignment of the rights to receive a repayment of the outstanding shareholder loan of Dean and DeLuca (Thailand) Company Limited ("D&D Thailand") from Mr. Sorapoj Techakraisri with total consideration of THB 240 million by issuing 64,690,027 new ordinary shares at an offer price of THB 3.71 per share in order to repay to Mr. Sorapoj Techakraisri.
	Increased the capital by issuing newly ordinary shares by Rights Offering in an amount of not exceeding 600 million shares with the par value of THB 1 per share.
	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.
	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.
	Established a joint venture company "Dean & DeLuca Cafe Japan Co., Ltd."
	Founded Pace Management Co., Ltd, as subsidiary
	Commenced the construction for a new super luxury development "Nimit Langsuan" on Langsuan Road.
	Founded 2 new subsidiaries namely D&D Mount Limited and D&D Fourteen Limited.
	Received loans from Thailand's Financial Institution for expanding DEAN & DELUCA with the total amount of THB 1,100 million.
	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.
	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.
	Grand opening "MahaNakhon" Project under the theme of "MahaNakhon Bangkok Rising: The Night Of Lights", officially Thailand's tallest building at 314 meters and 77 storeys.
2017	Founded Dean & DeLuca Small Format Lq. LLC, a subsidiary of Dean & DeLuca Inc.
	Founded Dean & DeLuca Airport Company Limited, as subsidiary
	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

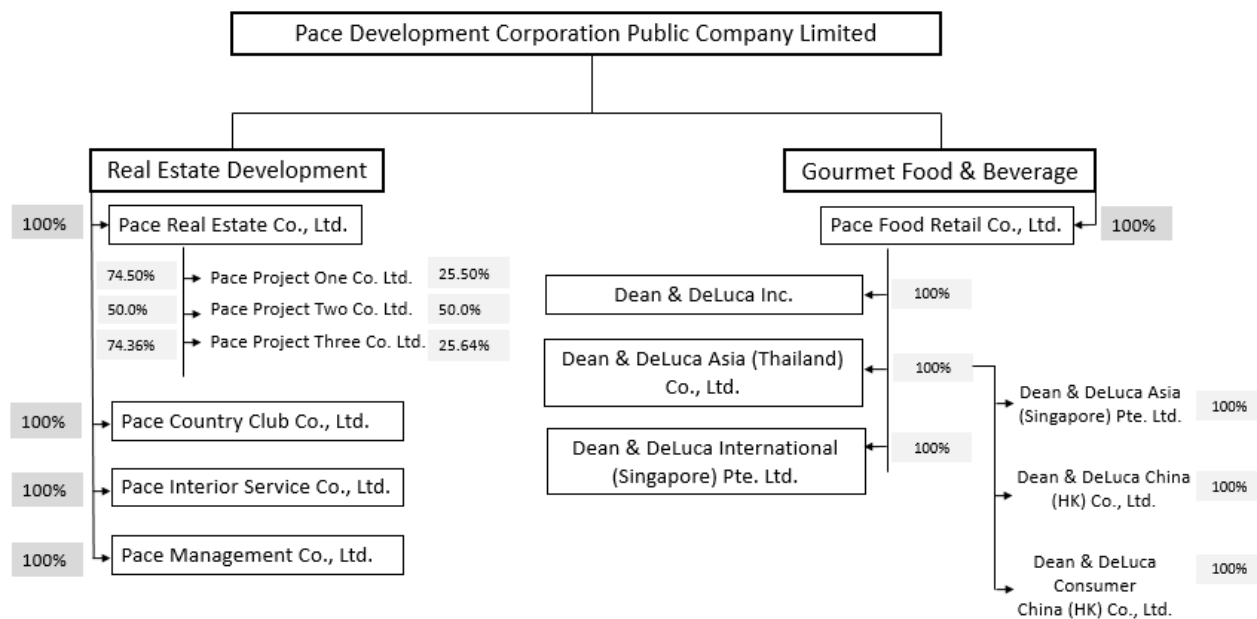
Year	Significant changes within the year
2018	<p>Company Limited ("Pace Three") totaling of THB 7,783.2 million in the form of equity, and received THB 658 million in the form of loan, in relation to the development and completion of the MahaNakhon project.</p> <p>Allocated ordinary shares to existing 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> <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> <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 Lagardere 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 Lagardere 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>

Year	Significant changes within the year
2019	<p>Resolved to sale 50% shares in Dean & DeLuca Café Japan Co., Ltd. (“DDCJ”) held by Dean & DeLuca International, LLC. (“DDInter”) which is an indirect subsidiary of the Company.</p> <p>Allocated ordinary shares to existing shareholders (Rights offering) totally 8,025,793,914 newly-issued ordinary shares to the existing shareholders of the Company proportionate to their respective shareholding (Rights Offering) at the allocation ratio of 3 existing share per 2 newly-issued ordinary shares at the offering price of THB 0.25. And allocated warrant No.3 of the Company, in the amount up to 4,012,896,957 units.</p> <p>Approved the establishment of a subsidiary, Dean & DeLuca International (Singapore) Pte Ltd. to facilitate the restructure and business expansion.</p> <p>Received the Notice of Default from The Siam Commercial Bank Public Company Limited requested the Company and its subsidiaries to pay the outstanding debts in the event of default of the credit facility agreement having promissory note (P/N) which has a credit limit at Baht. 1,200,000,000 and the credit facility agreement having promissory note (P/N) which has a credit limit at Baht. 1,800,000,000 and USD 13,500,000 (equivalent to 448,650,000 Baht).</p> <p>Disposed of 100% common shares (“Common Shares”) in YLP Co., Ltd. (“YLP”), a subsidiary of the Company, in the amount of 348,567,548 Baht to The Brooker Group Public Company Limited and MCL Property Co., Ltd.</p> <p>Entered into the Debt Settlement Agreement with The Siam Commercial Bank Public Company (“SCB”). The Company has transferred the land plots located in Niseko Sub-district, Hokkaido Province, Japan to settle the obligations that the Company has with SCB in the amount not less than USD 15,200,000 or equivalent to THB 453,264,000.</p>

1.3 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. The Company has entered into the retail food and beverage business in 2014, 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 26th, 2020, the Company has 36 subsidiaries which can be categorized into the following business lines as follows below:

The Organization Structure of the Company and subsidiaries



Name of the company	Business	Type of Business	Proportion of Shareholder (%)
Pace Development Corporation Public Company Limited	Property Development and management, and manage its subsidiaries	Develop real estate projects such as MahaSamutr Villas, Nimit Langsuan, etc.	-
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
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
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	99.97
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 International (Singapore) Pte. Ltd.	Gourmet food & beverages	To facilitate the restructure and business expansion.	100

Remark:

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

²⁾ Dean and DeLuca Inc., (Registered in the U.S.) shares held (indirect) by Pace Food Retail Co, Ltd. with the proportion of 100% in 2019 which is the same type of business namely gourmet food and beverages, totaling of 23 subsidiaries 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., Dean & DeLuca Small Format, LLC, Dean & DeLuca Small Format, Lq. LLC, Dean & DeLuca Fourteen Ltd., Dean & DeLuca Mount Ltd., Dean & DeLuca Consumer Brands Inc.,

As of December 31st, 2019, the Company and its subsidiaries have developed real estate projects that are currently under construction and in selling process totaling 2 projects, (1) MahaSamutr, (2) Nimit Langsuan

In addition, the Company operates the world's iconic gourmet food and beverage brand called "DEAN & DELUCA". As of December 31st, 2019, the Company owns 12 stores in Thailand. Moreover, the Company also operates the licensing agreements in 64 stores in Japan, Hawaii (U.S.A.), Kuwait, United Arab Emirates (UAE), Bahrain, South Korea, Hong Kong and Philippines.

1.4 The relationship between the business and major shareholder (If any)

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

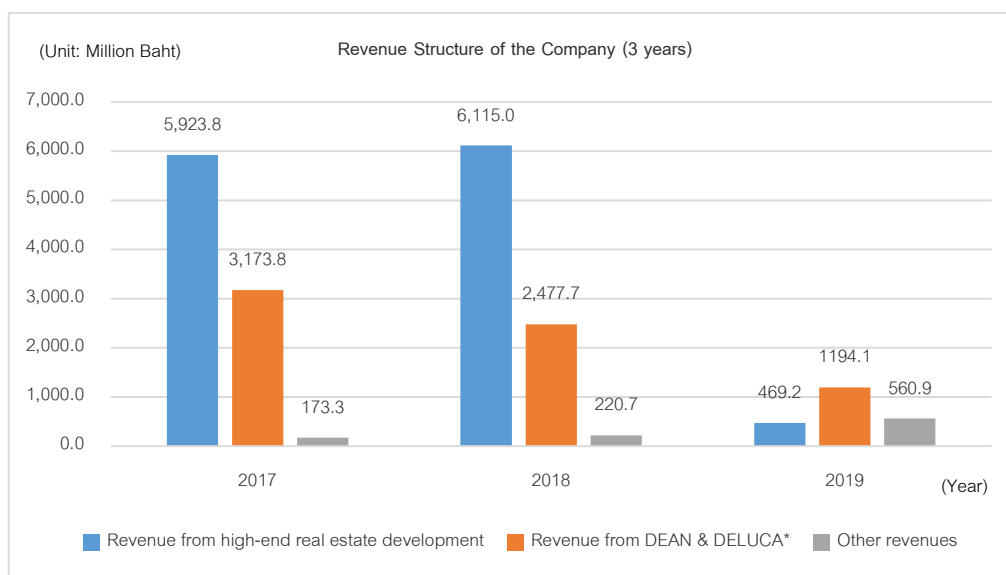
2. Operation of Business

2.1 Characteristics of Products and Services

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

(Unit: million Baht)

Business	Operated by	% of the Company's Shareholders	2017		2018		2019	
			Revenue	%	Revenue	%	Revenue	%
Revenue from high-end real estate development	The Company and subsidiaries	100	5,923.8	63.9	6,115.0	69.4	469.2	21.1
Revenue from DEAN & DELUCA	Subsidiaries	100	3,173.8	34.2	2,577.7	28.1	1,194.1	53.7
Other revenues	The Company and subsidiaries	100	173.3	1.9	220.7	2.5	560.9	2.52
Total revenues			9,270.9	100.0	8,813.4	100.0	2,224.2	100.0



Revenue from property development business of Baht 469.2 million decreased from 2018 by Baht 5,646 million or 92%. The Company had recorded the revenue from sales of the MahaNakhon- The Ritz Carlton residences Bangkok while in 2019 the Company is in the completion process of other property development projects namely Nimit Langsuan and MahaSamutr Country Club. This results in the significant decline in revenue.

Revenue from gourmet food and beverages of Baht 1,194 million decreased from 2018 by Baht 1,240 million or by 51%. This was due to closure of all six DEAN & DELUCA stores in the United States and two stores in Thailand.

Revenue from trademark and trade name fees of DEAN & DELUCA, interior service income and other income of Baht 561 million increased from 2018 by Baht 356 million or 63%. This was due to gain on disposal of investment in subsidiary,

operating gain of subsidiary disposed during the year, gain on disposal of investment in joint venture and gain on debt deduction of DEAN & DELUCA, Inc.

The Company and its subsidiaries had 3 completed developments: Ficus Lane project, Saladaeng Residences project and MahaNakhon project. As of December 31st, 2019, the Company and its subsidiaries have 3 on-going developments: MahaSamutr, Nimit Langsuan, as well as Windshell Naradhiwas projects. The summary of all the projects are as follows:

Project	Operated By	Project Value (MB)	Total Units	Sales Progress			Cumulative Transferred Value (MB)	Start of Transfer in Year
				No. of Sold Units	Million Baht	% (unit)		
MahaNakhon - The Ritz-Carlton Residences, Bangkok	Pace Project Two	14,508	209	207	14,241	99	14,035	April 2016
MahaSamutr - Villa	Company	4,000	80	13	610	15	256	4Q 2017
Nimit Langsuan	Company	8,000	176	163	7,030	93	-	2021

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:




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/cafe 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 ASIA (SINGAPORE) PTE. LTD.	Dean & DeLuca Asia (Thailand) Co., Ltd. (100%)	Hold Asia and Pacific master franchise license and operate regionally	August 2018

Subsidiaries	by	Type of Business	Started since
4. Dean & DeLuca China (HK) Co., Limited	Dean & DeLuca Asia (Thailand) Co., Ltd. (100%)	A franchise business holding the master franchise of market and cafes in China	August 2018
5. Dean & DeLuca Consumer China (HK) Co., Limited	Dean & DeLuca Asia (Thailand) Co., Ltd. (100%)	A franchise business holding the franchise of consumer products in China	August 2018
6. DEAN & DELUCA INTERNATIONAL (SINGAPORE) PTE. LTD.	Company	To facilitate the restructure and business expansion.	September 2019

Summary of DEAN & DeLuca Store in Thailand in 2019

Location	Type of Store	Store size (SQ.M.)	Established	Number of Seat
MAHANAKHON CUBE (Previously as MAHANAKHON SALE GALLERY)	Flagship Restaurant – Cafe and Market.	969	2010	140
PARK VENTURE	Cafe	156	2011	72
SATHORN SQUARE	Cafe	79	2011	32
CENTRAL EMBASSY	Restaurant – Cafe	290	2014	74
EMQUARTIER	Restaurant – Cafe	231	2015	66
THE CRYSTAL	Restaurant – Cafe	236	2016	78
ALL SEASONS PLACE	Cafe	92	2016	37
FYI BUILDING	Cafe	84	2016	24
SUARNABHUMI AIRPORT 1	Cafe with Pizza	178	2017	90
SILOM SO11	Cafe with Pizza	290	2017	89
SUARNABHUMI AIRPORT 2	Cafe	78	2017	33
Khao Yai	Pop up Food Truck	120	2017	100
TMB Head office	Café	110	2019	45
Samyam Mitrtown	Cafe	43	2019	24

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

Details of the Project (As of December 31 st , 2019)			
	Ficus Lane 	Saladaeng Residences 	MahaNakhon 
Location	Soi Sukhumvit 44/1 (Pichaisawat), Sukhumvit Road, Klong-Toei district, Bangkok	Soi Saladaeng 1, Silom Road, Silom sub-district, Bang-Rak district, Bangkok	Naradhiwas-Rajanakarin Road, Bangrak District, Bangkok
Project area	2-3-57 Rai (1,157 sq.w.)	584 sq.w.	9 Rai 1 Ngan 51.1 sq.w.
Project details	Two 7-storey residential buildings with 7 floors above ground and 1 floor below ground	One residential building with 25 floors above ground and 5 floors below ground	The Ritz-Carlton Residences, Bangkok (23 – 73/F). A super-luxury residential development under an internationally recognizable brand
No. of unit	70 residences	132 residences	209 residences
Project value for sale	Approx. 900 million Baht	Approx. 2,310 million Baht	Approx. 15,000 million Baht
Year of completion	2006	2011	2018
Recognizable portion	100%	100.0%	99%

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

MahaSamutr Project



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.

Details of the Project (As of December 31st, 2019)

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 – 2019
Sales period	Sales office and official sales commence in 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 , 2019)	100% completed villa, and it's currently under construction and decoration of the country club which is about 77% completed, and the sport club is about 91% completed.

Nimit Langsuan Project



NIMIT Langsuan, a super-luxury 54-storey residential freehold development, centrally located on Langsuan Road and within walking distance to Lumpini Park. Designed and built to the highest international standards, the tower is seemingly made entirely of amber glass, a result of the state-of-the-art facade to create a timeless and elegant architectural statement. NIMIT Langsuan features homes, ranging from 77 - 640 square meters and offering two - four bedrooms 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.

Details of the Project (As of December 31st, 2019)

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 – 2021
Project features	<ul style="list-style-type: none"> Lush Garden – Ground floor

- Amenities 10th floor
- Parking 100%

Progress on construction The core structure reached Level 41 and facade installation progresses as planned
(as of December 31st, 2019)

As of December 31st, 2019, the Company owns 12 stores in the forms of cafe and markets in Thailand. Moreover, the Company also operates the licensing agreements in 64 stores in Japan, Hawaii (U.S.A.), Kuwait, United Arab Emirates (UAE), Bahrain, South Korea, Hong Kong and Philippines. As of the year end 2019, the total number of DEAN & DELUCA is 76 stores worldwide. The company plans to continue to expand the number of stores both in Thailand and other countries directly, as well as continuing to sell licenses and the trade name to its licensees.

2.2 Marketing and Competition

2.2.1 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.

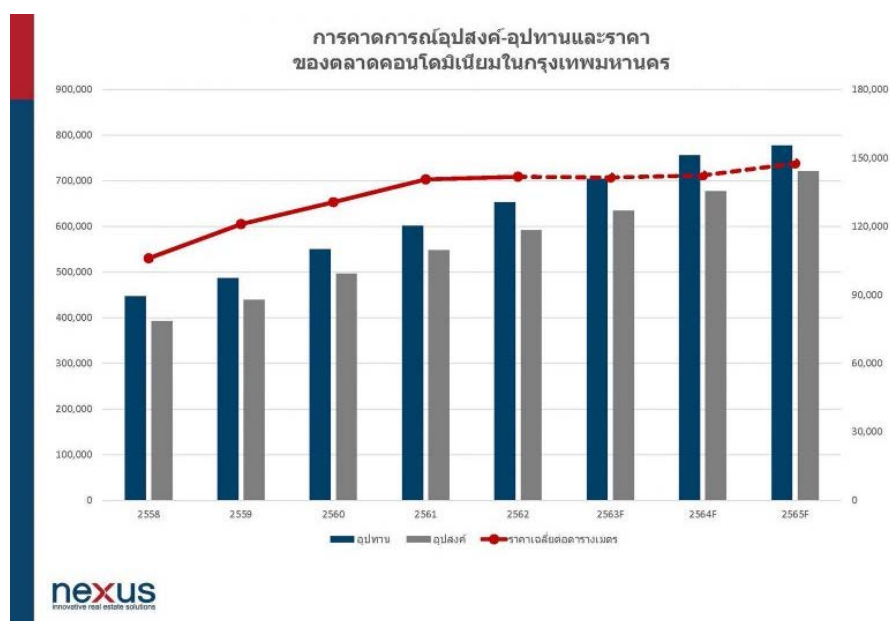
2.2.2 Market Conditions and Competition

Real Estate Development Business

According to Nexus Property Marketing research, condominium supplies in 2019 were decreased from 2018 29%. The number of new condominium supply were 43,000 units from 126 projects. Top 3 locations where the highest number of new condominium supplies are: 1. Thon Buri — Petchakasem with 10,100 units or 23%; 2. Phra Khanong and Suan Luang with 7,800 units or 18.3%; 3. Lad Prao – Wang Thonglang with 6,100 units or 14%. These locations are near new BTS skytrain stations including Thon Buri - Blue Line, Mochit/Kukot – Northern Green Line and Ratchada-Lad Proa/Samrong – Yellow Line.

In 2019, almost 50% of the new condominium projects were Mid-market segment, price starting from 75,000 – 110,000 baht per sq.m. which increased 23% from 2018. This implied that developers were more focusing on mass consumers.

Demand, Supply and Price Estimation of Bangkok Condominium Market



Source: Research - Nexus Property Marketing Co.,Ltd.

While CBRE research shows that the decreasing of condominium supplies resulted from the economic slow down, an increasing of household debt, declining of market credibility and the appreciation of Thai baht which affect on foreign investors purchasing decision, especially Chinese investors. Also, the decreasing of sales was affected from the Loan to Value policy (LTV) and the changing of Land & Building Taxes. Therefore, new launched projects in 2019 were lower than in Q3 previous years. Total new condominiums in 2019 were 1,268 units while in 2018, there were 7,147 units.

Newly Launched Condominium Units in Bangkok



Source | CBRE Research

Source: Research – CBRE Thailand Co., Ltd.

Nexus Property Marketing research reveals that in 2019, average selling price of condominium rose only 0.9%, from 140,600 baht per sq.m. to 141,800 baht per sq.m. which was very low comparing to the previous 5 years that rose average

8% per year. Also, price of new condominium in CBD were lower than 2018 approximately 15% with average price of 231,300 baht per sq.m., same as last year. And price of condominium in outer city area increased only 1% with average price of 114,400 baht per sq.m. While price of condominium in suburban area rose 3% or approximately 76,000 baht per sq.m.

In 2019, condominium sales in market totaled 43,200 units which 20,700 or 48% units sold were from new condominium and 22,500 units sold were from condominium launched before 2019. A total condominium sales rate in the market stood at 90%. And available units for sale totaled 62,700 units, while the sales rate declined 17% which was less than the declining rate of market supplies.

Super-luxury Condominium Market Overview

Research from Colliers International Thailand shows that in 2019 super-luxury and luxury condominium markets continued to grow due to limited of supplies that accounted for only 3.76% of total new condominiums in Bangkok. There were customers who bought for living and for investment. And projects with average price of 250,000 baht per sq.m. were in needed because revenue from rental fee was 4% - 5% and selling price also rose 5.5% - 6.5% per year, returning 10% of profit, especially in Ploenchit, Chid Lom and Langsuan locations, the selling rate was upto 76%.

Land Pricing Analysis

In 2019, The Treasury Department revealed that the average land price in Thailand changed approximately 11%, minimum-maximum price rose 0.25% – 7.07%. Land price along public transportation, for example, Bangkok, the price increased approximately 2.45%. These areas are in new BTS Skytrain lines. BTS Green Line – Lumlookka - Kukot is the highest land price with average price rising 66%.

For Bangkok, the top 3 highest average land prices in 2019 were 1) Silom road – average price 750,000 – 1,000,000 baht per sq.w., rose by 7.14%, Ploen Chit road and Rama 1 road – highest price 1,000,000 baht per sq.w., increased by 11.1% 2) Sathorn road – highest price 800,000 baht per sq.w., rose by 6.67% 3) Sukhumvit road – highest price 750,000 baht per sq.w., increased by 15.38%

#

PACE also uses extensive digital marketing platforms including websites, social media applications 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.

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 cafe 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 64 store locations from the total of 76 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.

2.2.3 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.

2.3 Supply of Products or Services

Hospitality Business

Apart from real estate business, the Company also provides 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. Investment in brand could impact worldwide recognition of DEAN & DELUCA and help driving expansion in all channels.
2. The attention from a landlord with DEAN & DELUCA which could have a result in a power to negotiate for store expansion in franchise format.
3. 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.

2.4 Undelivered units as of December 31st, 2019

Project name	Project type	Land size	Total residences	% Completion	Undelivered sold or leased		Sales period	Construction period	Transfer of ownership or lease starts from:
					units				
					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	- Villa 100 - Country Club 77 - Sport Club 91	8	403.6	2015 – 2019	2013 – 2019 (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 – 2020	From 2021 onwards

3. 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.

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 2019. 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. 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. To comply with the current financial situation the Company undergoes the 'right-size' strategy through cost control and merging of chain operations to minimize losses.

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. The scale down in number of employee levels with the downsize in business activities of the Company. Moreover, the corporate restructuring in 2019 conducted 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.

FINANCIAL

Ability to Repay Debt

In 2019, The Company has undergone financial restructuring to secure confidence of investors in the capital market and of financial institutions. In mitigating the risk and gaining back investor confidence the Company has undertaken the followings.

- In the third quarter of 2019 the Company allocated ordinary shares to existing shareholders (Rights offering) totally 8,025,793,914 newly-issued ordinary shares to the existing shareholders of the Company proportionate to their respective shareholding (Rights Offering) at the offering price of THB 0.25. And allocated warrant No.3 of the Company, in the amount up to 4,012,896,957 units
- In the fourth quarter of 2019 the Company disposed 100% common shares in YLP Co., Ltd, a subsidiary of the Company, in the amount of THB 348.6 million to The Brooker Group Public Company Limited and MCL Property Co., Ltd. The divestment is part of the company's financial restructuring plan which has reduced the debt position.
- In the fourth quarter of 2019 the Company downsized the business expenditure which includes closing Dean & DeLuca stores as well as had clarified with resolutions from debenture holders in regarding the solution of the event of defaults under other obligations (cross default) which were summerised as follows
 - a) To waive the event of default clause 11.1 (c) of the terms and conditions, as a result from the event of default with a bank.

- b) To extend the maturity date of the debentures for three years, from 23 February 2020 to be 23 February 2023, with the Company entitled to redeem the debentures prior to the maturity date, either in whole or in part.
- c) To amend the interest rate of the debentures, with the fixed interest at the rate of 6.5 percent per annum retained and the Company to pay interest at the rate of 3 percent per annum every quarter commencing from 23 May 2020 and the difference based on the interest rate of 3.5 percent per annum for every installment to be paid upon redemption of debentures.
- d) To exempt the Company from its obligation to maintain the debt to equity ratio of not more than 5.5 to 1 at the end of fiscal year of throughout the term of the debenture pursuant to clause 7.5 of the terms and conditions.
- e) To postpone the payment of interest for the round of November 2019 interest installment to be no later than 23 February 2020.

Though the debt repayments in 2019 the Company has managed to substantially reduce its debt position as well as provided solutions of the event of defaults under other obligations (cross default). In addition, Pace has completed a property development project namely The Ritz-Carlton residences in which in its transferring process and MahaSamutr villa. PACE is also in the process of completing the construction of Nimit Langsuan to recognize revenue by 2020, 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 luxury villas and Nimit Langsuan with the total value of approximately THB 1.15 billion. The revenue recognition for MahaSamutr Villas began in late 2017-2019 and expected to complete in 2021 while Nimit Langsuan is set to complete by the end of 2020. This may result in showing a net loss and inability to pay dividend. The company is ambitious to turnaround the business and by doing so it has begun its financial and operation restructuring in 2019 by adopting 'right-size' strategy through cost control and merging of chain operations to minimize losses. The restructure plan continues in 2020 and is expected to be profitable and pay out dividend based on retained earnings.

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 of a total of 35.48% 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 five 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.

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.

4. Operating Assets

As of December 31st, 2019, the Company has the following operating assets:

4.1 Characteristics of Main Operating Assets

4.1.1 MahaNakhon Project – net

Company	Project	Location	Size	Book Value as of 31 Dec 2019 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2019 (MB)
PACE Two	MahaNakhon	Next to Chongnonsri BTS station, on Naradhiwas Rajanagarindra Rd.	9 Rai 1 Ngan 51.1 sq.w.	547.6**	4,486.6*	Mortgaged with The Siam Commercial Bank PCL.

*Note: *Value of assets were appraised by Sims Property Consultants Co., Ltd. based on Market Comparison Approach and Income Approach/Discounted Cash Flow Approach (DCF) report dated February 24th, 2016. According to the appraiser, the appraisal value of the land was 4,026.1 Million Baht (7 land plots with the total area of 7-3-37.1 rai or 3,137.1 square wah) and 460.5 Million Baht (4 land plots with the total area of 1-2-14.0 rai or 614 square wah) respectively for the purpose of consideration of impairment of assets per TAS 36. As MahaNakhon is a mixed-used project, this appraisal value includes all land of Pace Project One Co., Ltd. (PP1), Pace Project Two Co., Ltd. (PP2), and Pace Project Three Co., Ltd. (PP3).*

*** Book Value only Pace Project Two Co., Ltd. (PP2), due to the Company sell Pace Project One Co., Ltd. (PP1), and Pace Project Three Co., Ltd. (PP3) since Q2 2018.*

4.1.2 MahaSamutr Project - net

Project	Company	Location	Size	Book Value as of 31 Dec 2019 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2019 (MB)
MahaSamutr		Soi 112 Hua Hin, Prachuabkhirikhan	129 Rai 3 Ngan 17.3 sq.w.		547.0*	Mortgaged with The Siam Commercial Bank PCL.
• Villa	PACE		22,050.5 sq.w.	205.1		
• Country Club	PACE		29,678.5 sq.w.	547.0		
• Country Club	PACE Country Club		526 sq.w.			
Total				751.1		

Note: *Value of assets were appraised by Sims Property Consultants Co., Ltd. based on Market Comparison Approach report dated August 7th, 2017. According to the appraiser, the appraisal value of the land was 547.0 Million Baht for financial statements purpose per TAS 16.

4.1.3 Nimit Langsuan Project – net

Project	Company	Location	Size	Book Value as of 31 Dec 2019 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2019 (MB)
Nimit Langsuan Project	PACE	Langsuan Road, Lumpini, Pathumwan	2 Rai 2 Ngan 40.2 sq.w.	1,672.5**	1,979.3*	Mortgaged with The Siam Commercial Bank PCL.

Note: *Value of assets were appraised by Sims Property Consultants Co., Ltd. based on Market Comparison Approach report dated February 23th, 2016. According to the appraiser, the appraisal value of the land was 1,979.3 Million Baht for the purpose of consideration of impairment of assets per TAS 36.

** Book Value of Land and related expense as of 31 December 2019

*** Book Value of Land, Construction in progress, and related expense as of 31 December 2019 is 4,239.0 MB (as of 31 December 2018 is 3,735.8 MB)

4.2 Policy of investment in subsidiaries and affiliates

The Company has a policy to invest in high-potential, stable-profit businesses that prove to be feasible and able to create proper returns with acceptable risk level. PACE always sends its representatives to sit in the Board of Director of the target companies and reports their performance in the meeting of PACE's Board of Directors every quarter.

PACE also has a policy to reduce investment risk for projects with investment amount of more than 3,000 million Baht. by co-investing with well-known, highly-experienced, high-capital partners. The form of co-investment ranges from subsidiaries, affiliates, and other forms, depending on the results of negotiation and mutual agreement between the Company and interested investors. Nevertheless, to make a decision to co-invest, the Company will study for the needs, potential benefits, positive and negative consequences, and will present the results of the study to the Board of Directors before co-investing with any partners.

5. Legal Disputes

As of 31 December 2019, there is an unsettled dispute to the Company which may materially affect to the business operation of the Company and the Company's subsidiaries. That is,

Residents around public road nearby MahaNakhon Project brought the lawsuit against Bangkok Metro Metropolitan Administration and Governor of Bangkok and the Defendants requested the Court to summon the Developers to be the interpleaders

In the past, the public road nearby MahaNakhon Project was narrow and the former land owner had a residential business around the located land of MahaNakhon Project. The former land owner had reserved some area of its land in order for a bus could take customers to reside in the rooms of its business as well as posted signboards and made a private road to reserve the rights of the private road. Thereafter, Pace Project One Company Limited ("PP1"), Pace Project Two Company Limited ("PP2") and Pace Project Three Company Limited ("PP3") (collectively, the "Developers") purchased the land from such former land owner and fenced for construction in the land area (the Developers also requested the land office for proceeding the survey for measurement of the land area prior to fencing and starting the project), which caused the public road was returned to be narrow condition same as the fact in the past. On 31 January 2017, 8 residents around public road nearby MahaNakhon Project (the "Plaintiffs") brought the claim against Bangkok Metro Metropolitan Administration and Governor of Bangkok (the "Defendants") to the Central Administrative Court. The grounds of the case are those the Defendants consented or omitted the Developers to invade and construct the project over the public road. This causes the public road became narrower which resulting that the Plaintiffs cannot travel by a car from Silom Soi 9 Road through Naradhiwas Road. In addition, the Defendants also consented or omitted the Developers to drain the waste into the public waterway which causes the flood to the public road and the Plaintiffs' houses.

Therefore, the Plaintiffs submitted the motion to the Administrative Court to render the following orders:

1. To order the Defendants to order the Developers to demolish the wall constructed over the public road;
2. If the Developers do not demolish the wall, to order the 2nd Defendant to lawfully reinforce its power for the Developers to perform such action;
3. If the Developers do not perform it actions according to No.1 and No.2, to order the Defendants to bring the criminal case against the Developers for the offense of the invasion of public area;
4. To order the Defendants to order the Developers to destroy the drainage system which is linked to the public road and make the new drainage system in the area of the project;
5. To order the Defendants to order the Developers to close the door which is linked between the public road and car park building;
6. To order the Defendants to prohibit the Developers to increase the public road into the higher level; and

7. To order the Defendants to revoke any unlawful juristic acts in order to return the road to the public interest.

After the commencement of the court hearing, the Defendants made the request to the court to order PP1, PP2 and PP3 to be the interpleaders because the court judgment may influence to the Developers. At present, the Company has appointed an attorney who has the expertise in the administrative case and has filed an answer to the complaint with the Central Administrative Court.

6. General Information and Important Information

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	http://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 Ouannunkun 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. 1/2017 Maturity Year 2023

Section 2 Management and Corporate Governance

7. Security and Shareholder Information

7.1 The Company's Securities

As of 31 December 2019, the Company has registered capital of 26,783,432,556 Baht, comprising of 26,783,432,556 ordinary shares, with the par value of 1 Baht, and paid-up capital of 14,373,415,260 Baht, comprising of 14,373,415,260 shares, with the par value of 1 Baht, the warrants to purchase the newly-issued ordinary shares No. 2 of 2,460,220,171 units and the warrants to purchase the newly-issued ordinary shares No. 3 of 1,167,362,186 units.

7.2 Shareholders

The list of the Company's shareholders and their respective share portions as recorded in the shareholder register book as of 30 December 2019 are shown below:

Shareholder's name	Number of shares	%
<u>Group of Techakraisri's family</u>		
1. Mr. Sorapoj Techakraisri ¹⁾	4,214,656,122	29.322
2. Mrs. Yupa Techakraisri	779,937,927	5.426
3. Mr. Sumate Techakraisri	106,572,446	0.741
Total shares owned by Group of Techakraisri's family	5,101,166,495	35.4898
4. Mr. Wiwat Kraipisitkul	850,974,012	5.920
5. LGT BANK (SINGAPORE) LIMITED	643,511,000	4.477
6. Mr. Jirawut Kuwanan	623,408,300	4.337
7. Mr. Varit Bulakul	607,513,715	4.227
8. Mr. Korsak Chairassameesak	546,850,000	3.805
9. Mrs. Jarunee Chinwongvorakul	543,934,585	3.784
10. UOB KAY HIAN PRIVATE LIMITED	500,000,000	3.479
11. The Brooker Group Public Company Limited	391,000,000	2.720
12. CHINA TONGHAI SECURITIES LIMITED – ACCOUNT CLIENT	376,504,500	2.619
13. The Siam Commercial Bank Public Company Limited	369,962,200	2.574
14. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH	323,800,000	2.253
15. Mr. Wichai Vachirapong	284,965,300	1.983
16. Thai NVDR Co., Ltd.	254,382,023	1.770
17. Others	2,955,443,130	20.562
Total	14,373,415,260	100.00

Note: 1) Including shareholding of spouse.

7.3 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.

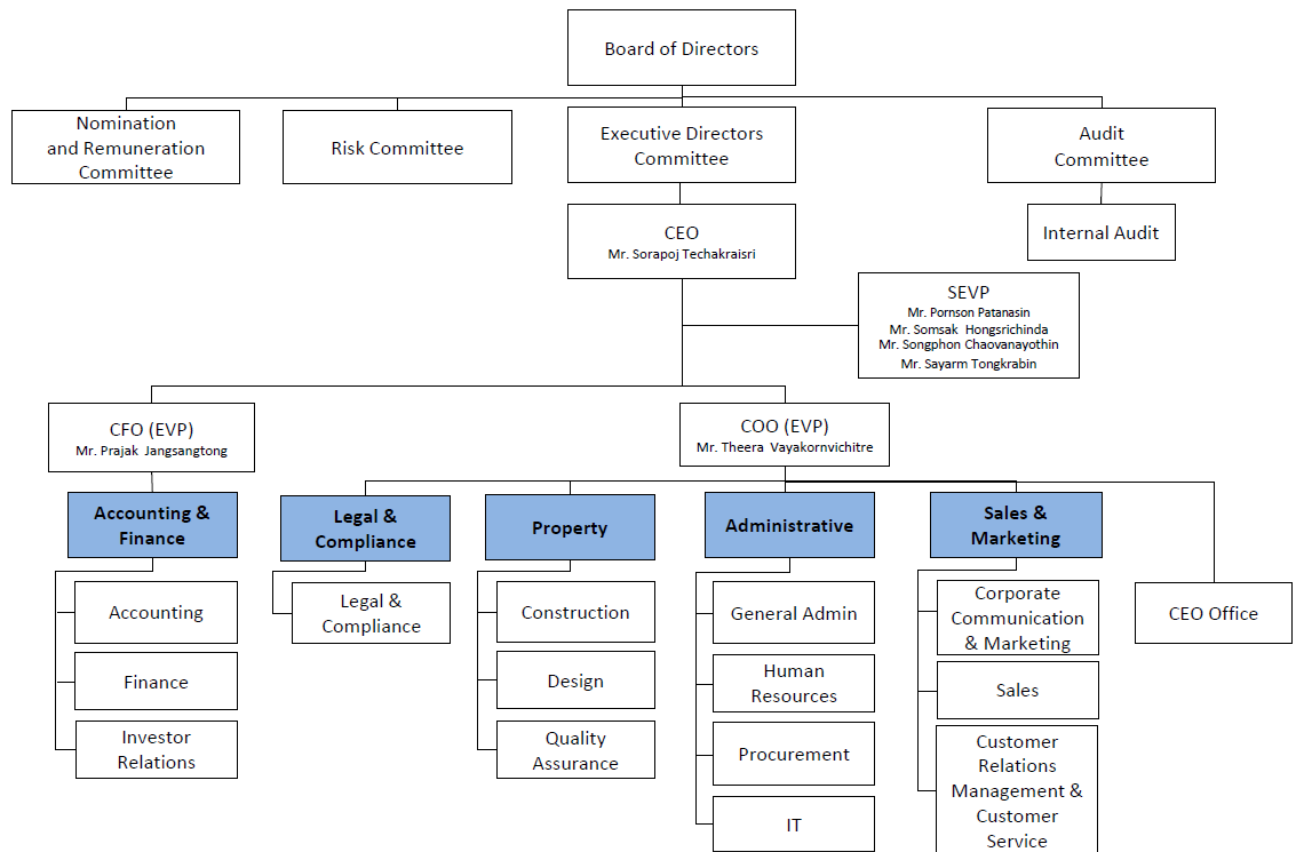
2) Dividend policy of subsidiaries

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.

8. Management

Organization Chart



8.1 Board of Directors

As of 31 December 2019, the Company's Board of Directors consists of 8 members as follows:

Name	Position	Number of meeting	Number of meeting
		held	attended
1. Mr. Kraithip Krairiksh	Chairman of the Board and Independent Director	18	17
2. Mr. Sorapoj Techakraisri	Director	18	16
3. Mr. Chumpol Techakraisri	Director	18	16
4. Mr. Pornson Patanasin	Director	18	18
5. Mrs. Ladda Siri Wattanakosol	Director, Chairman of Audit Committee, and Independent Director	18	17
6. Mr. Prasert Patradhilok	Director, Member of Audit Committee, and Independent Director	18	18
7. Mr. Wisit Kanjanopas	Director, Member of Audit Committee, and Independent Director	18	17
8. Mr. Sarunthorn Chutima*	Director and Independent Director	12	9

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 15 May 2019 onwards.

8.2 Management

As of 31 December 2019, the Company's management team consists of 6 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. Mr. Somsak Hongsrichinda	SEVP
5. Mr. Sayarm Tongkrabin	SEVP
6. Mr. Prajak Jangsangtong	EVP / Chief Financial Officer

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

8.3 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.

The details of Company Secretary is attached in Attachment 3.

8.4 Compensation for Directors and Executives

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

8.4.1 Directors' Compensation

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

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

The following table shows the directors' compensation in 2019.

Directors	2019				
	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	17/18	-	-	-	432,000
2. Mr. Chotipol Techakraisri ¹⁾	10/13	-	3/4	1/2	261,452.05
3. Mr. Sorapoj Techakraisri	16/18	-	3/4	2/2	370,000
4. Mr. Chumpol Techakraisri	16/18	-	-	-	330,000
5. Mr. Pornson Patanasin	18/18	-	-	-	340,000
6. Mrs. Ladda Siri Wattanakosol	17/18	5/5	4/4	2/2	428,000
7. Mr. Prasert Patradhilok	18/18	5/5	4/4	2/2	438,000
8. Mr. Wisit Kanjanopas	17/18	5/5	4/4	2/2	428,000
9. Mrs. Kittiya Todhanakasem ²⁾	5/5	-	-	-	89,000
10. Mr. Sarunthorn Chutima ³⁾	9/12	-	-	-	193,241.76

Note: 1) Resigned from director effective from 19 September 2019 onwards.

2) Resigned from director effective from 20 March 2019 onwards.

3) Has been appointed to be director and independent director effective from 15 May 2019 onwards.

8.4.2 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 2018 and 2019, the Company provided compensation to its executives in the form of salary, bonus, and other compensation for 6 executives in the amount of 44.2 million Baht and 34.9 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.

8.5 Human Resources

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

8.5.1 Total Number of Employees

As of 31 December 2019, the Company had total employees of 60 people, and paid the compensations with the total amount of 157.87 million Baht of which consists of salary, the cost of living allowance, bonus, social security funds, provident funds, and etc.

2019	Company	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Total
	PACE Development Corporation PLC.	PACE Country Club Co., Ltd.	PACE Interior Services Co., Ltd.	DEAN & DELUCA Asia (Thailand) Co., Ltd.	DEAN & DELUCA INC.	
Operation Employee (person)	50	29	207	302	0	588
Executive Management (person)	10	1	1	7	1	20
Total (person)	60	30	208	309	1	608
Total of compensation (million baht)	157.87	18.14	48.3	124.9	441.2*	790.4

Remark: *USD 14,211,301. The exchange rate of a commercial bank as of December 30th, 2019.

Details of the number of employees in each function as of 31 December 2019 are shown in the following table:

Unit: Person	
Functional line	31 Dec 2019
Executives of the Company and its subsidiaries	6
Accounting - Finance	8
Public Relations - Marketing	2
Sales	1
Legal	3
Design - Construction	8
Administration	14
Procurement	2
Human Resources	1
CEO Office	9
Customer Service	4
Compliance	1
Investor Relations	1
Total	60

8.5.2 Significant Change in the Number of Employees in the Previous 3 Years

-None-

8.5.3 Major Labor Dispute in the Previous 3 Years

-None-

8.5.4 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 2019 are shown below:

Unit: Million Baht

Type of compensation	2019
Salary, bonus, and other	152.66
Contribution to provident funds*	5.21
Total	157.87

* The Company established a provident fund for employee on 1 October 2011 onwards.

8.5.5 Labor Dispute

-None -

8.5.6 Human Resource Development Policy

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

The Executive Committee Meeting No. 2/2012 held on March 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.

9. 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 responsibilities establish the policy of Good Corporate Governance, covering major substances including the structure, roles and 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).

9.1 CORPORATE GOVERNANCE POLICY

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

Principle 1 Shareholders' Rights

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

1. Shareholders' Rights Protection

- 1.1 The Company emphasize the protection of shareholders' rights and the promotion of exercising the basic legal rights i.e. the rights to obtain the relevant and adequate information of the Company, to participate and vote in the shareholders' meeting, to elect and remove members of the board, appoint the external auditor, and make decisions on any transactions that affect the Company such as the 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 58.59%, 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 2019, the meeting was held on 29 April 2019, 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 Holiday Inn, Silom, Bangkok Hotel, 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 2020 Annual General Meeting of Shareholders, which is disclosed via 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 Boards 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 8 members, each serving a 3-year term in position. Two 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 9.2.

4) Meeting of the Board of Directors

- 4.1) The BOD determines at least 1 meeting per 1 quarter in advance, which is scheduled in advance throughout the year and will arrange to have special meetings based on necessity and appropriateness on the case-by-case basis. In case of special meetings, the Company must inform the attendants at least 7 days prior to the meeting date. The meeting's constituted quorum is achieved when at least half of the directors attend the meeting.
- 4.2) The meeting agenda are clearly determined in advance by Chairman of the BOD and Chief Executive Officer (CEO). Company Secretary is responsible for ensuring that all the directors receive supporting

document in a sufficient time period prior to the meeting to allow all attendants to study the agenda and make informed voting decision.

- 4.3) The BOD must receive sufficient, complete, and timely information before the commencement of every meeting. Directors can contact Company Secretary directly and freely to request recommendations pertaining to legal and regulation issues.
- 4.4) Chairman of the BOD is responsible for managing the meeting time properly to allow adequate time for management to present the information and sufficient time for the 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, all directors have passed director training programs from Thai Institute of Directors (IOD). Some of them have passed Director Accreditation Program (DAP) and Director Certification Program (DCP) offered by the same institution.

8) Conflicts of interest

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

9.2 COMMITTEES AND BOARDS

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

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

9.2.1 Board of Directors

As of 31 December 2019, the Company's Board of Directors consists of 8 members as follows:

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

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

* Has been appointed to be director and independent director effective from 15 May 2019 onwards.

Authorized directors

The Company's authorized directors as defined in the Company's Affidavit is Mr. Sorapoj Techakraisri , Mr. Chumpol Techakraisri, Mr. Pornson Patanasin, any two of these three directors can jointly sign with the Company's seal affixed.

Authorities, Roles and Responsibilities of the Board of Directors

The Board of Director's no. 1/2011 held on September 21st, 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 2019, there is no issue regarding performance and management which must convene non-executive directors' meeting.

9.2.2 Audit Committee

As of 31 December 2019, the 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 the Audit Committee who have knowledge and experience in Accounting or Finance

The Secretary of the Audit Committee is Ms. Montakan Teannetinun, appointed on 25 December 2013 and resigned on 16 October 2019. During the period of 16 October 2019 – 31 December 2019, the Audit Committee had appointed Mr. Piya Petchsod to act as temporary secretary of the Audit Committee.

Authorities, roles, and responsibilities of Audit Committee

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

1 Authority

- 1.1 The Audit Committee is empowered to request director, management or any employee to attend the meeting with the Audit Committee in order to clarify or provide information which the Audit Committee deems necessary. The Chairman and all members are empowered to request documents, explanations or information at all times regardless of Audit Committee's meeting.
The management and employees who have been contacted, inquired or requested for the information shall fully cooperate.
- 1.2 The Audit Committee shall, under the Board of Directors' approval, hire the external advisor should they be 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.

9.2.3 Executive Committee

As of 31 December 2019, the Executive Committee consists of 5 members as follows:

Name	Position
1. Mr. Sorapoj Techakraisri	Chairman of Executive Committee
2. Mr. Pornson Patanasin	Member of Executive Committee
3. Mr. Somsak Hongsrichinda	Member of Executive Committee
4. Mr. Theera Vayakornvichit	Member of Executive Committee
5. Mr. Prajak Jangsangtong	Member of Executive Committee/Secretary

Note: Secretary of Executive Committee is Mr. Prajak Jangsangtong, appointed on 5 August 2019.

Authorities, roles, and responsibilities of Executive Committee

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

1. Executive Committee is responsible for the management of the Company to satisfy with the Company's objectives, the Company's policy, memorandum of association, or any other orders given by the Board of Directors. In addition, the Executive Committee is responsible for reviewing and selecting agenda to be proposed to the Board of Directors for agreement for approval.
2. Prepare and formulate visions, business strategies, business directions, objectives, guidelines, plans, and budgets of the Company, its affiliates, and its subsidiaries and propose such things to the Board of Directors for approval.
3. Monitor and track the execution of the Company's policies and management guidelines to make sure that such policies and guidelines are effectively executed in the manner satisfied with the intentions of the Board of Directors.

4. Have authority to give approval on or execute transactions deemed to be normal business activities under the limits or budget approved by the Board of Directors. In so doing, the Executive Committee cannot incur indebtedness or contingencies of more than 450 million Baht with maturity of more than 5 years. This applies to all kinds of indebtedness and contingencies, including project financing facilities from financial institutions.
5. Prepare the following reports and submit to the Board of Directors within a specified timeframe
 - 5.1 Quarterly performance report within the time frame set by the Stock Exchange of Thailand (SET)
 - 5.2 Auditor's report on the Company's financial statements, including annual and quarterly financial statements, within the time frame set by the Stock Exchange of Thailand (SET)
 - 5.3 Other reports deemed necessary by the Executive Committee
6. In the meeting of Executive Committee to execute any of its authority, the meeting's constituted quorum is achieved and the execution of authority is plausible when at least half of the directors attend the meeting.
7. Each member of the Executive Committee has 1 vote per person. In the case that the votes are equal, Chairman of the Executive Committee has the power to exercise 1 final decisive vote.
8. To give approval on any agenda, the Meeting must have at least half of the votes from the total votes from attendants in such meeting.
9. The Company must hold Meeting of Executive Committee at least once a 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.
10. The Executive Committee can appoint a taskforce and/or other persons to select the agenda to present to the Executive Committee or to perform other tasks beneficial to the work of the Committee or to perform any other delegated tasks under the authority of the Executive Committee.
11. The Company allows the Executive Committee to give its authority to and/or assign other persons to perform its tasks, if such giving of authority/assignment falls under the scope of the letter of power of attorney (POA) and/or is done according to the rules, regulations, orders that the Board of Directors has provided. The authorization of the Executive Committee's roles and responsibilities must not be done in such a way that the members of the Executive Committee or the person given the power of attorney form can make approval/disapproval on the transactions that such persons or the persons having conflicts with such persons (according to the definitions given in notifications of Capital Market Advisory Board or notifications of Securities and Exchange Commission) may have interests upon or the transactions that may entail conflicts of interest with the Company, its affiliates, and its subsidiaries.

The Executive Committee reports directly to the Board of 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.

9.2.4 Nomination and Remuneration Committee

As of 31 December 2019, the Nomination and Remuneration Committee consists of 4 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

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

9.2.5 Risk Management Committee

As of 31 December 2019, the Risk Management Committee consists of 4 members as follows:

Name	Position
1. Mr. Prasert Patradhilok	Chairman of Risk Management Committee
2. Mrs. Ladda Siri Wattanakosol	Member of Risk Management Committee
3. Mr. Wisit Kanjanopas	Member of Risk Management Committee
4. Mr. Sorapoj Techakraisri	Member of Risk Management Committee

Note: Secretary of the Risk Management Committee is Mr. Nuthapon Luckkanalawan, appointed on 21 September 2011 and resigned on 1 September 2019. Then Mr. Piya Petchsod had been appointed as the secretary of the Risk Management Committee on 24 February 2020.

Authorities, roles, and responsibilities of Risk Management Committee

The Board of Directors' Meeting no. 3/2017 held on 28 February 2017, approved the authorities, roles and responsibilities of the Risk Management Committee as follows:

1. Review the Company's overall risk management policies and guidelines covering all important risks, such as 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.
2. Formulate risk management strategies and guidelines that are consistent with the Company's risk management policies to help assess monitor and control the Company's risk in an acceptable level.
3. Monitor and track the execution of the risk management policies to ensure that it is consistent with the framework given by the Board of Directors.
4. Provide an opinion to management on setting risk measurement criteria and acceptable risk level before proposing to the Board of Directors.
5. Provide an opinion to management on setting appropriate risk management measures to cope with different situations before proposing to the Board of Directors.
6. Review the adequacy of the risk policies and risk management system, including the effectiveness of the system and the policy execution.
7. Report regularly to the Board of Directors the subjects pertaining to the Company's management, operations, and the status of the Company's risk, as well as any changes in risk factors and measures needed to be done to mitigate the risks a consistent with the risk policies and strategies.
8. Constitute risk management taskforces when necessary.

9. Support the risk management taskforces in such aspects as personnel, budget, and other resources suitable for the scope of task.

Risk Management Committee reports directly to the Board of Directors. The term of each member of Risk Management Committee is 3 years since the appointment date. Members of Risk Management Committee whose term has expired can be reappointed.

9.3 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 9.2.2 Qualifications of independent directors, which is consistent with the minimum requirements defined by the SEC and the SET.
3. The Board of Directors or the annual general of shareholders' meeting has the authority to appoint the Audit Committee. Each member of the Audit Committee has a 3-year term, and can be reappointed once after the expiration of term. Reappointment is subjected to the approval of the Board of Directors or the Shareholders' Meeting.

Components and Appointment of Executive Committee and the Company's Executives

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 9.2.4.

Components and Appointment of the Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee consists of 3 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 shall consist of at least 1 in 3 (1/3) of 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.

9.4 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.

9.5 CONTROLLING MEASURES FOR THE USE OF INTERNAL INFORMATION

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

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

9.6 COMPENSATION OF AUDITORS

The compensation paid to the auditor for the review of interim financial statements and the auditing of financial statements for the accounting period 2019 of the Company and its subsidiaries in Thailand totals 9.4 million Baht and the subsidiaries in USA total amount USD 150,000. The Company and its subsidiaries have no the expense of non-audit fee for the year 2019.

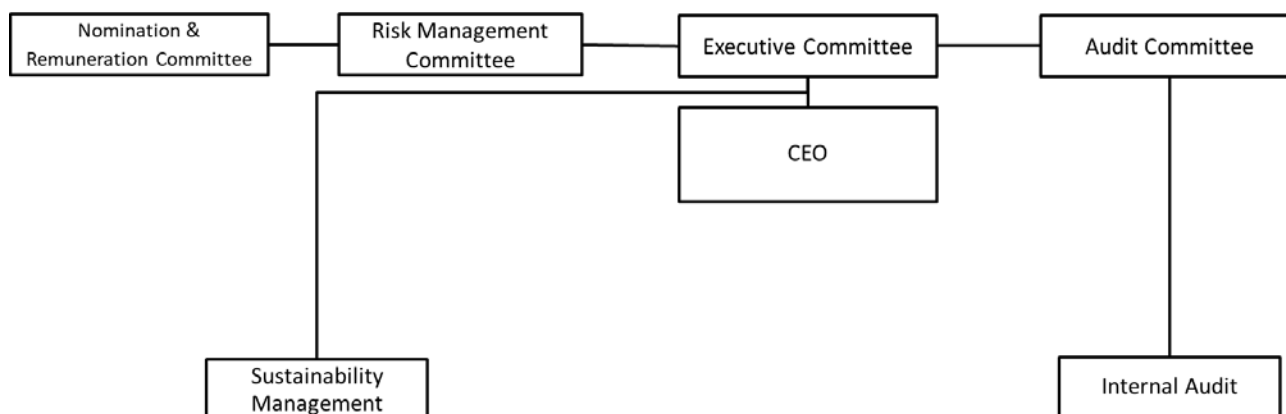
10. Corporate Social Responsibility

Sustainability Objective

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

Sustainability Governance

The Sustainability Management Department reports directly to the Executive 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.



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.

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 <i>To be a leader in premium quality lifestyles</i>		Mission <i>To innovate customer-centric experiences in property, hospitality and retail</i>		Values <i>Professionalism Achievement Collaboration Ethics</i>	
	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.		

11. Internal Control

11.1 OPINIONS OF BOARD OF DIRECTORS AND AUDIT COMMITTEE

In Board of Directors' Meeting No. 2/2020 on 26 February 2020. 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 Assessment, Control Activities, Information & Communication, and Monitoring Activities.

The BOD concluded that the Company has the existing internal control system that is appropriate and sufficient to ensure the 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 post 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 Board of Directors 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. 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 assigns the Information Technology Department to be the administrator of the effective computer security system and prepare emergency plans for information systems to prevent data loss. Under the policy of security of information and communication of the company. The accounting records comply with the accounting policies that are generally accepted and are appropriate to 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 to 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 reviewed and identified issues with the Internal Audit Department every quarter. The Audit Committee shall remark comment / suggest to the Company for more effective work process improvement and correction.

11.2 HEAD OF INTERNAL AUDIT AND HEAD OF COMPLIANCE

Head of Audit

Ms. Montakan Teannetinun Vice President, Internal Audit Department had resigned on 16 October 2019. As of 31 December 2019, the Company could not search for any personnel who has proper qualification to be appointed as the Vice-President of Internal Audit Department. However, during Board of Directors' Meeting No. 2/2020 on 26 February 2020, the Board of Directors concluded that the Company had the existing internal control system that was appropriate and sufficient to ensure the compliance of the Company's operations to meet the required target, objective, legal requirements and relevant regulations effectively, enable to protect the Company's assets from being misused. It provided a reasonable assurance that financial statements were reliable and correctly prepared.

Head of Compliance

Ms. Duangkamol Ingkapatthanakul Vice President, Legal and Compliance Department

12. Related Party Transactions as of December 31st, 2019

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.
Grovepark International Limited	Grovepark	Consultancy services	The company under control of Mr. Charles Finch * resigned from related company during the year 2019.
Promising Youth Ltd. (Previously Known as "Verita MHK (Thailand) Co., Ltd.")	PromiseY	Health care services	A subsidiary of Verita Thailand Pte. Limited where Mr. Sorapoj Techakraisri holds 50% of its shares * resigned from related company during the year 2019.

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. 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 director of Dean&DeLuca Asia (Singapore) Pte Ltd, Dean&DeLuca China (HK) Co., Limited, and Dean&DeLuca Consumer China (HK) Co., Limited with is the subsidiaries of the company.
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. * resigned from Dean & Deluac Inc.'s director during the year 2019.

In 2019 and 2018, the Company engaged in transactions with the persons who may have conflicts of interest; however, such transactions did not result in conflicts of interest. Such transactions are as follows:

(1) Purchase of Products and Services

Seller/Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 st , 2019 (Million Baht)	In the year ending on December 31 st , 2018 (Million Baht)		
PACE Three	FP	Trade account receivable Beginning balance Increase from acquisition of subsidiary Increase during the period Decrease during the period Ending balance Allowance for doubtful account Net balance	79.0 - - - 79.0 (79.0) -	- 79.0 - - 79.0 (79.0) -	<ul style="list-style-type: none"> FP entered into a Rental and Services Agreement at Cube Building for 2 contracts, 1st contract for Vogue and 2nd Contract for L'Atelier de Joe Robuchon since 2013 and 2014, respectively. Subsequently in April 2018, PACE Three entered into Asset Sale and Purchase Agreement to sell assets including Cube Building to King Power Mahanakorn Co.,Ltd. So, PACE Three has no record of rental and services income since April 2018. On the same date, the Company purchase all shares of PACE one and PACE Three from investor (Apollo and Goldman Sachs). So, PACE Three and PACE One have status as subsidiary of the Company. All in all, PACE Three has FP trade receivable in financial statement balance of Baht 79 Million. However PACE Three have already recognised a provision for impairment loss on FP trade receivable. 	<ul style="list-style-type: none"> 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 , 2019 (Million Baht)	In the year ending on December 31 st , 2018 (Million Baht)		
PACE Three	BeSPK	Trade account receivable			<ul style="list-style-type: none"> BeSPK entered into a Rental and Service Agreement at Cube Building since 2015. 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. All in all, PACE Three has BeSPK trade receivable in financial statement balance of Baht 3.4 million. However PACE Three have already recognized a provision for impairment loss on FP trade receiveable. All in all, PACE Three has BeSPK trade receivable in financial statement balance of Baht 3.4 Million. However PACE Three have already recognised a provision for impairment loss on BeSPK trade receivable. 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	3.4	-		
		Increase from acquisition of subsidiary	-	3.4		
		Increase during the period	-	-		
		Decrease during the period	-	-		
		Ending balance	3.4	3.4		
		Allowance for doubtful account	(3.4)	(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 , 2019 (Million Baht)	In the year ending on December 31 st , 2018 (Million Baht)		
PACE Three	PromiseY	Trade account receivable Beginning balance Increase from acquisition of subsidiary Increase during the period Decrease during the period Ending balance	3.4 - - (3.4) -	- 4.7 - (1.3) 3.4	<ul style="list-style-type: none"> PromiseY entered into a Rental and Service Agreement at Cube Building since 2016. 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 Subsequently, during the year 2019, PromiseY resigned from related company. 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
Dean & DeLuca Asia (Thailand)	FP	Income from sales of foods and beverages Beginning balance Increase during the period Decrease during the period Ending balance	0.1 1 (0.1) -	0.3 0.6 (0.8) 0.1	<ul style="list-style-type: none"> Dean & DeLuca Asia (Thailand) has sold foods and beverages to FP. 	<ul style="list-style-type: none"> 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 , 2019 (Million Baht)	In the year ending on December 31 st , 2018 (Million Baht)		
Dean & DeLuca Asia (Thailand)	FIERCE	Income from sales of foods and beverages			<ul style="list-style-type: none"> Dean & DeLuca Asia (Thailand) has sold foods and beverages to FIERCE. 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	1.4	1.4		
		Increase during the period	-	-		
		Decrease during the period	-	-		
		Ending balance	1.4	1.4		
Dean & DeLuca Asia (Thailand)	Mr. Sorapoj Techakraisri	Income from sales of foods and beverages			<ul style="list-style-type: none"> Mr. Sorapoj Techakraisri bough 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	0.4	0.3		
		Increase during the period	-	0.1		
		Decrease during the period	-	-		
		Ending balance	0.4	0.4		
FIERCE	PACE Country Club	Selling and administrative expenses			<ul style="list-style-type: none"> Pace Country Club hired FIERCE to take a photo for advertising and marketing 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	0.7	0.7		
		Increase during the period	-	-		
		Decrease during the period	-	-		
		Ending balance	0.7	0.7		

Seller/Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 st , 2019 (Million Baht)	In the year ending on December 31 st , 2018 (Million Baht)		
FP	Dean & DeLuca Asia (Thailand)	Cost of foods and beverages			<ul style="list-style-type: none"> During the period, Dean & DeLuca Asia (Thailand) bought food and from FP. 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	0.9	-		
		Increase during the period	0.1	1.8		
		Decrease during the period	(0.2)	(0.9)		
		Ending balance	0.8	0.9		

Seller/Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 st , 2019 (Million Baht)	In the year ending on December 31 st , 2018 (Million Baht)		
WM-AD	PACE Interior Services	Selling and administrative expenses			<ul style="list-style-type: none"> Pace Interior Services ("PIS") 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 2019, Pace Interior Services entered into 4 Managed and Interior Services agreements as below, <ul style="list-style-type: none"> Agreement dated 1 January 2019 for service period during January – March 2019 with service fee (Include VAT) Baht 5.35 million Agreement dated 1 April 2019 for service period during April – June 2019 with service fee (Include VAT) Baht 5.35 million Agreement dated 1 July 2019 for service period during July – September 2019 (Include VAT) Baht 5.35 Million Agreement dated 1 October 2019 for service period during October – December 2019 (Include VAT) Baht 5.35 Million 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	5.3	5,321.4		
		Increase during the period	21.4	21.4		
		Decrease during the period	(10.7)	(21.4)		
		Ending balance	16	5.3		

Seller/Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 st , 2019 (Million Baht)	In the year ending on December 31 st , 2018 (Million Baht)		
Grovepark	Dean & DeLuca Inc.	Selling and administrative expenses			<ul style="list-style-type: none"> Grovepark provide consultancy service to Dean & DeLuca Inc. Subsequently, the first quarter of the year 2019 Grovepark and DDUS entered into a termination agreement to terminate the employment contract. Subsequently, during the year 2019, Grovepark resigned from related company. 	<ul style="list-style-type: none"> Such transaction is considered a trading transaction with normal conditions.
		Beginning balance	19.4	13.4		
		Increase during the period	-	6.0		
		Decrease during the period	(19.4)	-		
		Ending balance	-	19.4		

(2) Advance Received / Advance Payment

Payee	Payer	Type of Transaction	Outstanding as of December 31 st , 2018 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 st , 2019 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
The Company	Mr. Sumate Techakraisri	Advance received from customers	0.3	-	-	0.3	On July 9 th , 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	Advance received from customers	0.3	-	-	0.3	On June 28 th , 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	Advance received from customers	40.0	2.4	-	42.4	On June 27 th , 2016, the company has made the agreement to purchase and sales a condominium unit of Nimit Langsuan Project with Khun Sorapoj Techakraisri.	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Sorapoj Techakraisri	Advance received	-	1.3	-	1.3	Advance received Baht 1.3 Million ia an advance payment by Mr.Sorapoj Techakraisri for operation expense.	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mrs.Yupa Techakraisri	Advance received	-	9.6	-	9.6	Advance received Baht 9.6 Million is an advance payment by Mrs.Yupa Techakraisri for operation expense.	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 , 2018 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 st , 2019 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
Dean and DeLuca Asia (Thailand)	PACED	Advance payment and accrued royalty	3.5	-	-	3.5	Dean & DeLuca Asia (Thailand) has royalty payable and advance received from PACED in totaling amount of Baht 3.5 million	Such transaction is a normal business transaction with a then-current market sales price.
Dean & DeLuca Asia (Thailand)	Mr. Sorapoj Techakraisri	Advance received	-	16.3	-	16.3	Advance received Baht 1.3 Million ia an advance payment from Mr.Sorapoj Techakraisri for operation expense.	Such transaction is a normal business transaction with a then-current market sales price.
Dean & DeLuca Asia (Thailand)	Mr. Theera Vayakornvic hitr	Advance received	-	5.0	-	5.0	Advance received Baht 5.0 Million ia an advance payment from K.Theera for operation expense.	Such transaction is a normal business transaction with a then-current market sales price.
Dean & DeLuca Inc.	Mr. Sorapoj Techakraisri	Advance received	-	2.4	-	2.4	Advance received Baht 2.4 Million or USD 78,795 ia an advance payment from Mr.Sorapoj Techakraisri for operation expense.	Such transaction is a normal business transaction with a then-current market sales price.
PACED	Dean & DeLuca Inc	Accrued royalty	2.6	-	(0.2)	2.4	PACED has royalty payable to Dean & DeLuca Inc in totaling amount of USD 80,664	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 , 2018 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 st , 2019 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
PACE Three	PromiseY	Deposit for rent Cube building	4.2	-	(4.2)	-	PACE Three has deposit for rent Cube building from PromiseY amount Baht 4.2 Million. Subsequently, during the year 2019, PromiseY resigned from related company.	Such transaction is a normal business transaction with a then-current market sales price
PACE One	Mr. Sorapoj Techakraisri	Advance received	8.5	-	-	8.5	Advance received Baht 8.5 million is an advance payment by K.Sorapoj for sculpture.	Such transaction is a normal business transaction.
PACE Food Retail	Mr. Sorapoj Techakraisri	Advance received	1.4	1.0	(2.0)	0.4	Advance received Baht 1.0 million is an advance payment by K.Sorapoj for reimburse of business trip.	Such transaction is a normal business transaction.
PACE Food Retail	Mr. Theera Vayakornvichitr	Advance received	-	0.4	-	0.4	Advance received Baht 0.4 million is an advance payment by K.Theeraj for reimburse of business trip.	Such transaction is a normal business transaction.
PACE Interior Services	Mr. Pongsak Mahattanasakul	Advance received	-	9.4	(3.4)	6.0	Advance received Baht 6.0 million is an advance payment by K.Pongsakj for operation expenses.	Such transaction is a normal business transaction.

(3) Loans and Interest Expenses

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31 st , 2018 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2019 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
Dean & DeLuca Inc.	Mr. Sorapoj Techakraisri	Loan	85.7	-	(85.71)	-	<ul style="list-style-type: none"> In 2017, Dean & DeLuca Inc. entered into 2 loan agreements with Khun Sorapoj Techakraisri USD 0.6 million and USD 2.04 million, respectively. This loan shall not be subject to interest and due at call. Subsequently, the first quarter of the year 2019, Grovepark, DDUS and Mr.Sorapoj entered into Debt assignment agreement to offset loan between Mr.Sorapoj and DDUS with loan between Grovepark and DDUS. 	Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
PACE Country Club	Mr. Sorapoj Techakraisri	Loan	-	0.7	-	0.7	<ul style="list-style-type: none"> As of 31st December 2019, PACE Country Club has outstanding loan by Mr.Sorapoj Techakraisri. This loan no carrying interest and will be due at call. 	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 , 2018 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2019 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
Grovepark	Dean & DeLuca Inc.	Loans Accrued Interest Receivable	131.4 4.4	- -	(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. Subsequently, Grovepark and DDUS entered into termination agreement to terminate the employment contract and entered into Debt assignment agreement to offset loan between Mr.Sorapoj and DDUS with loan between Grovepark and DDUS. Subsequently, during the year 2019, Grovepark resigned from related company. 	<ul style="list-style-type: none"> Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
FP	The Company	Loans Accrued Interest Payable	- -	22.9 1.2	- -	22.9 1.2	<ul style="list-style-type: none"> On 25th January 2019, FP borrowed Baht 22.9 Million from the Company Interest rate of 5.5% per annum Due with in 24th January 2021 	<ul style="list-style-type: none"> Such transaction occurred and was necessary for enhancement of the Company's liquidity.

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31 st , 2018 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2019 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
BeSPK	The Company	Loans Accrued Interest Payable	- -	1.8 0.1	- -	1.8 0.1	<ul style="list-style-type: none"> On 25th January 2019, BeSPK borrowed Baht 1.8 Million from the Company Interest rate of 5.5% per annum Due with in 24th January 2021 	<ul style="list-style-type: none"> Such transaction occurred and was necessary for enhancement of the Company's liquidity.
PromiseY	The Company	Loans Accrued Interest Payable	- -	13.2 0.3	(13.2) (0.3)	- -	<ul style="list-style-type: none"> On 25th January 2019, PromiseY borrowed Baht 13.2 Million from the Company Interest rate of 5.5% per annum Due with in 24th January 2021 Subsequently, during the year 2019, PromiseY resigned from realeted company. 	<ul style="list-style-type: none"> Such transaction occurred and was necessary for enhancement of the Company's liquidity.

(4) Guarantees and Collateral Securities provided to Financial Institutions (as of December 31st, 2019)

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
Mr. Sorapoj Techakraisri Mrs. Yupa Techakraisri	Dean and DeLuca Asia (Thailand)	Bangkok Bank Public Company Limited	85.0	-	<ul style="list-style-type: none"> On Sep 22th, 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	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.

Section 3 Financial Statements & Performance

13. Financial Highlights

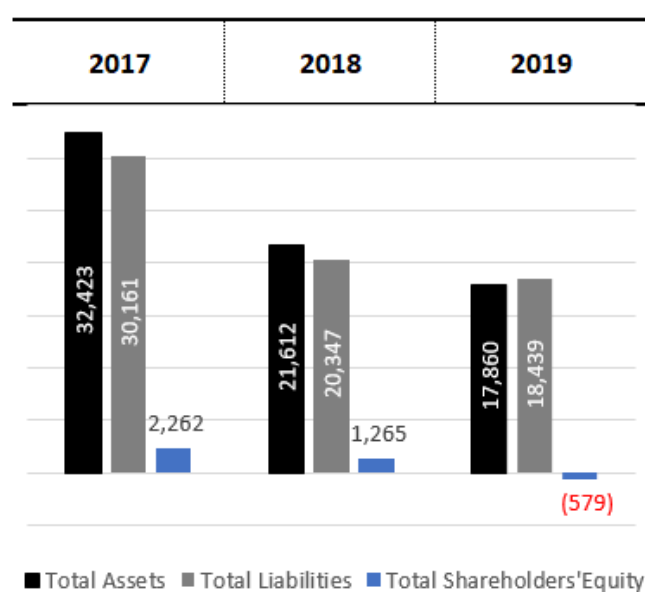
Summary of Financial Highlights for 3 Years

Statement of Financial Position as of 31st December, 2017, 2018, and 2019 (3 years)

Unit: Million Baht

TOTAL ASSETS

Statement of financial Position 3 Years	2017	2018	2019
Total Assets	32,422.63	21,611.88	17,860.16
Total Liabilities	30,160.69	20,346.81	18,439.37
Equity Attributable to Owner of the Parent	2,246.94	1,265.06	(579.21)
Non-Controlling Interests	14.99	0.00	-
Total Shareholders'Equity	2,261.93	1,265.06	(579.21)



- Sales Backlog

(Unit: million Baht)

Projects	Cumulative Sales			Cumulative Recognized			Backlog		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
The Ritz-Carlton Residences, Bangkok @Mahanakhon	10,379.5	14,256.3	14,241.0	7,169.6	13,080.9	14,035.0	3,209.9	1,175.4	
MahaSamutr Villa	965.7	659.3	610.0	96.5	255.7	256.0	869.2	403.6	403.6
Nimit Langsuan	6,709.3	6,914.0	7,030.0	-	-	-	6,709.3	6,914.0	6,914.0
Total	18,548.5	22,621.6		7,266.1	13,336.6		11,282.4	9,285.0	7,317.6

- The growth of gourmet food and beverages "DEAN & DELUCA" totaling 76 stores worldwide
 The Company owns brand called "DEAN & DELUCA" totaling 76 stores worldwide, i.e. 12 stores in Thailand, and operates the licensing agreements outside Thailand totaling 64 stores, especially in Japan 50 stores and the other 14 stores worldwide.

14. Management Discussion and Analysis (MD&A)

Clarification of reasons for Auditor's Disclaimer of Opinion on the financial statements for the year ended December 31, 2019

As Pace Development Corporation Public Company Limited (the "Company") has submitted the financial statements for the year ended December 31, 2019 which the auditor of EY Office Limited has audited and certified with disclaimer of opinion since there are a number of significant uncertainties which can be summarized into 2 points as follows: 1. The significant doubt on the Group's ability to continue as a going concern; 1.1 The total current liabilities exceeding their total current assets by Baht 8,323 million (Separate statement: Baht 6,500 million). 1.2 The capital deficit of Baht 579 million (Separate statement: Baht 931 million). 1.3 The event of default with the Siam Commercial Bank Public Company Limited as per the credit facilities agreements in the amount of Baht 10,588 million. 1.4 The Company and Pace Country Club Co., Ltd. ("PCC") as a debtor have submitted a petition for Business Rehabilitation to the Central Bankruptcy Court. 1.5 Dean & DeLuca, Inc. filed the petition to enter into the financial restructuring via reorganization in Chapter 11 of the Bankruptcy Code to the United States Bankruptcy Court Southern District of New York. The Company intend to clarify the reasons as follows: a. After receiving the Notices of Default previously mentioned, the management urgently consulted and negotiated with the Bank to prepare financial restructuring and debt management plans for the Group. In order to relieve the Group's debt burden, the Company entered into transactions to dispose of land in one of its real estate development projects to settle the short-term loans from the Bank and to dispose of ordinary shares it held in a subsidiary to settle the long-term loans from other companies and interest payables. The Company was also granted a waiver of the event of default under the terms and conditions in the debenture agreements, an extension of the term of the debentures and a right to retain the interest rate. b. The Company and PCC have submitted the petition for Business Rehabilitation to the Central Bankruptcy Court (the "Court") dated 24 April 2020, the Court received the petition dated 27 April 2020 and scheduled an appointment for preliminary hearing of such petition and appointment the Company and PCC as the rehabilitation planner dated 29 June 2020. On the date of hearing, the creditors of the Company and PCC have submitted the petition to object the petition for Business Rehabilitation of the Company and PCC to the Court. Then, the Court has an order to schedule the date of witnesses hearing during 16 September 2020 – 2 October 2020. In the meantime, the Group of Companies are in the process of the Court's consideration. c. The Company is of the opinion that Chapter 11 would allow Dean & DeLuca, Inc. to preserve its business value including the intellectual property. The reorganization will cause the smallest effect to the employee, customers and partners and will recover the business and can operate in the future. Therefore, the Group entering the business rehabilitation process as previously described has resulted in the automatic stay by act of law and the cease in most of the Group's normal course of businesses. 2. The impairment loss on the assets 2.1 Mahasamutr Villa project in the amount of Baht 3,254 million and a sports club project in progress consisting of land amounting to Baht 547 million, crystal lagoon amounting to Baht 471 million and assets under construction amounting to Baht 1,515 million. 2.2 The Group also had goodwill of Baht 2,252 million and trademark and trade name, franchise agreements and

design software totaling Baht 2,103 million. The Company intend to clarify the reasons as follows: a. The Company assessed the impairment loss on the assets by comparing the carrying value of the cash generating units and the realizable value of the assets. Realizable values are determined based on estimates of the cash flows expected to be realized from the assets, taking into account factors such as future business plans, growth rate, gross profit margin, and discount rate. Therefore, the Group is in the process of fund sourcing for the construction and negotiations with business partners. b. The Group decided to restructure the overseas parts of this business in 2019, in order to maximize the benefit of the goodwill and trademark and trade name, and this involved the Group gradually closing uneconomic branches. Therefore, the Company has adopted a strategy that aligned with the current status of the business and the financial position by reducing the size of business operation.

Summary of financial result

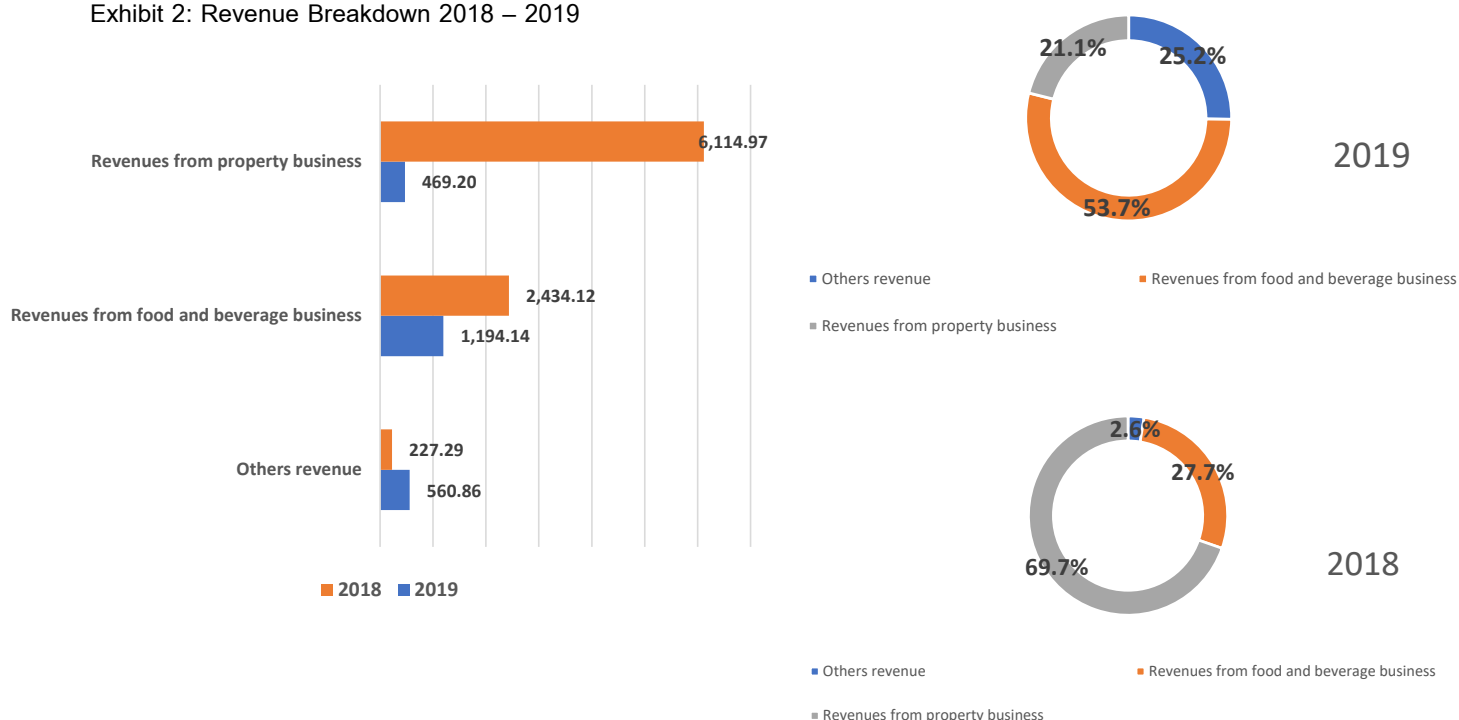
Operating result analysis

In the year 2019 the Company recorded a total loss of Baht 2,421 million, improved from 2018 that recorded a total loss of Baht 5,156 million. This is a result of the disposition of assets and investments in a total of Baht 3,533 million. The following shows analysis of the operating results.

Revenue

In the year 2019 the Company recorded a total revenue of Baht 2,224 million decreased from 2018 by Baht 6,589 million or by 75% with the following reasons

Exhibit 2: Revenue Breakdown 2018 – 2019



Revenue from property development business

- Revenue from property development business of Baht 469.2 million decreased from 2018 by Baht 5,646 million or 92%. The Company had recorded the revenue from sales of the MahaNakhon- The Ritz Carlton residences Bangkok while in 2019 the Company is in the completion process of other property development projects namely Nimit Langsuan and MahaSamutr Country Club. This results in the significant decline in revenue.

Revenue from gourmet food and beverages business

- Revenue from gourmet food and beverages of Baht 1,194 million decreased from 2018 by Baht 1,240 million or by 51%. This was due to closure of all six DEAN & DELUCA stores in the United States and two stores in Thailand.

Other income

- Revenue from trademark and trade name fees of DEAN & DELUCA, interior service income and other income of Baht 561 million increased from 2018 by Baht 356 million or 63%. This was due to gain on disposal of investment in subsidiary, operating gain of subsidiary disposed during the year, gain on disposal of investment in joint venture and gain on debt deduction of DEAN & DELUCA, Inc.

Exhibit 3: Details and progress of the Company's residential projects

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	14,508	209	207	14,241	99	14,035	April 2016
MahaSamutr - Villa	Company	4,000	80	13	610	15	256	4Q 2017
Nimit Langsuan	Company	8,000	187	171	7,030	93	-	2021

Gross Profit Margin

Gross profit margin of the property development business decreased from the previous year from 23.9% to 10.4 from sale promotion of the condominium units while gross profit margin of the gourmet food and beverages business improved from 46.7% to 52.5% due to the closure of all DEAN & DELUCA stores in the United States and another two stores in Thailand thus significantly reduced the cost of sales and administrative expenses. Overall gross profit margin improved to 42.3% from 30.7% in 2018.

Selling and Administration expenses

The Company recorded selling expense and administration expense (SG&A) of Baht 2,603 million comprises of selling expense of Baht 1,070 million and administration expense of Baht 1,533 million. The decline in SG&A of Baht 1,039 million or by 29% year-on-year results from effective 'rightsize' strategy of the Company that initiated during the previous quarters. However, SG&A to sales at 152%, increased from the previous year at 42%, reflects in the decline in revenue from both businesses in a greater portion in comparison to the decline in expenses

Loss on impairment

The Company recorded loss on impairment of Baht 290 million which consists of advance payment for purchase of land Baht 100 million and leasehold improvement, equipment and computer software Baht 181 million

Finance Costs

In 2019, The Company had total interest paid of Baht 876 million, increased by Baht 67 million or 8% year-on-year. This is from default interest rate of financial institutions

Assets

As at 31 December 2019, the total assets of the Company were Baht 17,860 million, decreased by Baht 3,752 million or by 17.4% year-on-year. The decreasing of total assets comprises of

- cash and cash equivalent of Baht 274 million or 1.5% of total assets decreased Baht 1,004 million or by 78.6% year-on-year
- cost of real estate development for sales Baht 8,045 million or 45% of total assets decreased by 15.8% year-on-year.
- Trade and other receivables of Baht 483 million or 2.7% of total asset decreased 45.5% year-on-year.
- Property, plant and equipment of Baht 2,637 million or 14.9% of total asset decreased 26.1% year-on-year.
- Goodwill incurred mainly from DEAN & DELUCA acquisition of Baht 2,266 million or 12.7% of total assets decreased by 7.3% year-on-year

The main assets were 88.7% of the total assets.

Liabilities

As at 31 December 2019, the total liabilities were Baht 18,439 million decreased by Baht 1,907 million or by 9.4% year-on-year. This decreasing of liabilities comprising of the followings

- bank overdraft and short-term loans from financial institutions of Baht 2,304 million or 12.5% of total liabilities decreased by 24.7% year-on-year
- Trade and other payables of Baht 3,185 million or 17.3% of total liabilities increased by 21.7% year-on-year.

- Long-term loans from financial institutions of Baht 7,928 million or 43% of total liabilities, decreased by 1.7% year-on-year.
- Debentures of Baht 1,291 million or 7% of total liabilities increased by 3.1% year-on-year.
- Advances and deposits received from customers of Baht 2,482 million or 13.5% of total liabilities decreased by 18.6% year-on-year.

The main liabilities are accounted for 93.2% of the total asset.

Shareholders' Equity

As at 31 December 2019, the total shareholder's Equity of the Company were Baht -579 million decreased by Baht 1,844 million as compared to the previous year. This was mainly due to (1) loss for the 2019 fiscal year of Baht 2,424 million (2) Issuance of new ordinary shares of Baht 580 million (3) Cumulative effects of adopt TFRS15 of Baht 124 million and (4) translation adjustment of Baht 121 million.



Attachment 1

Detail of Executives and Controlling Persons of the Company

Name / Position	Age (years)	Starting Date of Directorship	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
						Duration	Position	Name of organization/company	Business type
Mr. Kraithip Krairiksh Chairman of the Board / Independent Director / Chairman of Audit Committee	66	14 November 2013	<ul style="list-style-type: none"> - Master's Degree in Economics, Northeastern University, U.S.A. - Bachelor's Degree in Economics (B.A.), Tufts University, U.S.A. - Director Accreditation Program (DAP), class 42/2005 - Corporate Governance for Capital Market Intermediaries (CGI), class 3/2015 - The Urban Development & Administration Training Course for The Executive Administrator (BMA.1), Urban Green Development Institute - Diploma, National Defence College, The Joint State - Private Sector Course Class 2003, The National Defence College (NDC) 	-	-	2013 - Present	Chairman of the Board/Independent Director/Chairman of Audit Committee	Pace Development Corporation Public Company Limited	Property development
						Current Position in Listed companies			
						2015 - Present	Audit Committee/ Independent Director	Major Cineplex Group Public Company Limited	Media & Publishing
						2009 - Present	Audit Committee/ Independent Director	Samitivej Public Company Limited	Health care services
						2008 - Present	Audit Committee/ Independent Director	Vanachai Group Public Company Limited	Construction materials
						Current Position in Non-listed companies			
						2017 - Present	Director	ASEAN Potash Chaiyaphum Public Company Limited	Potash Mining
						2009 - Present	Chairman of the Board/ Independent Director	KT ZMICO Securities Company Limited	Securities
						2008 - Present	Director	Advance Energy Plus Company Limited	Energy and environment consultant
						2004 - Present	Director	Capital Market Development Fund Foundation	-
						Present	Director	Affairs promotion of The Royal Cadet Academy	Education

Name / Position	Age (years)	Starting Date of Directorship	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
						Duration	Position	Name of organization/company	Business type
Mr. Sorapoj Techakraisri Chief Executive Officer / Authorized Director	42	19 September 2011	- Bachelor's Degree in Business Administration (B.B.A.), Thammasat University - Director Accreditation Program (DAP), class 91/2011	29.31 (by himself 4,213,522,096 shares)	Brother of Mr. Chumpol Techakraisri and cousin of Mr. Songphon Chaovanayothin	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

Name / Position	Age (years)	Starting Date of Directorship	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
						Duration	Position	Name of organization/company	Business type
						2007 - Present	Director	Pace Development Company Limited	Property development
						2007 - Present	Director	Pace Project One Company Limited	Property development
						2005 - Present	Director / Managing Director	Fierce Publishing Company Limited	Publications

Name / Position	Age (years)	Starting Date of Directorship	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
						Duration	Position	Name of organization/company	Business type
Mr. Chumpol Techakraisri Authorized Director	40	19 September 2011	- 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	-	Brother of Mr. Sorapoj Techakraisri and cousin of Mr. Songphon Chaovanayothin	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	Pace Project One Company Limited	Property development
						2004 - Present	Director	MFT Development Company Limited	Property development
						2001 - Present	Director	Chadsan Phansuan Company Limited	Property development

Name / Position	Age (years)	Starting Date of Directorship	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
						Duration	Position	Name of organization/company	Business type
Mrs. Ladda Siriwattanakosol Independent Director / Audit Committee / Expert on Financial Accounting	63	19 September 2011	<ul style="list-style-type: none"> - 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 	-	-	2011 - Present	Independent Director / 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
						Current Position in Non-listed companies			
						-			

Name / Position	Age (years)	Starting Date of Directorship	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
						Duration	Position	Name of organization/company	Business type
Mr. Prasert Patradhilok Independent Director / Audit Committee / Expert on Financial Accounting	63	19 September 2011	- 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	-	-	2011 - Present	Independent Director / Audit Committee	Pace Development Corporation Public Company Limited	Property Development
						Current Position in Listed companies			
						2018 - Present	Advisor to Board of Director	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	Independent Director / Chairman of Audit Committee	Teka Construction Company Limited	Construction
						2015 – Present	Director	Advisory Plus Company Limited	Financial advisor
						2004 – Present	Director	Kindred Company Limited	Other investment
						2004 – Present	Director	Robinson Planner Company Limited	Bankruptcy plan advisor

Name / Position	Age (years)	Starting Date of Directorship	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
						Duration	Position	Name of organization/company	Business type
Mr. Wisit Kanjanopas Independent Director / Audit Committee	57	7 November 2017	<ul style="list-style-type: none"> - 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 	-	-	2017 – Present	Independent Director / Audit Committee	Pace Development Corporation Public Company Limited	Property Development
						Current Position in Listed companies			
						2019 – Present	Independent Director / Audit Committee	Shun Thai Rubber Gloves Industry Public Company Limited	Consumer Products Personal Products & Pharmaceuticals
						Current Position in Non-listed companies			
						2019 – Present	Director	Eastern Energy Plus Company Limited	Renewable Energy Power
						2009 – Present	Attorney at Law and Counsel	W&S International Law Office, Bangkok	Legal consultant
Mr. Sarunthorn Chutima Independent Director	62	15 May 2019	<ul style="list-style-type: none"> - Master's Degree in Business Administration, Ohio University, USA - Bachelor's Degree in Accounts, Chulalongkorn University - International Management Program, MIT Sloan Management - Diploma, National Defence College, The National Defence College (NDC) Year 2006 	-	-	2018 - Present	Independent Director	Pace Development Corporation Public Company Limited	Property Development
						Current Position in Listed companies			
						2019 – Present	Advisor to CEO Special Business and Head of Credit Committee	The Siam Commercial Bank Public Company Limited	Bank
						2015 – 2019	Senior Executive Vice President, Head of Special Business	The Siam Commercial Bank Public Company Limited	Bank
						Current Position in Non-listed companies			

Name / Position	Age (years)	Starting Date of Directorship	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
						Duration	Position	Name of organization/company	Business type
						2010 - Present	Chairman and Managing Director	Rutchayothin Assets Management Company Limited	Asset Management
Mr. Pornson Patanasin Authorized Director / Senior Executive Vice President	58	19 September 2011	- Bachelor's Degree in Business Administration, Assumption University - Director Accreditation Program (DAP), class 91/2011 - Director Certification Program (DCP), class 192/2014	-	-	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

Name / Position	Age (years)	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
					Duration	Position	Name of organization/company	Business type
Mr. Somsak Hongsrichinda Senior Executive Vice President	62	- Executive Master of Business Administration, Sasin Graduate School of Management - Master's Degree in Business Administration, Long Island University - Bachelor's Degree, City University of New York, City College	-	-	2019 - Present	Executive Director	Pace Development Corporation Public Company Limited	Property Development
					2018 – Present	Managing Director	Dean & Deluca Asia (Thailand) Company Limited	Food & Beverage
					2018 – 2015	Executive Vice President	Charoen Pokphand Group Company Limited	Food & Retail
Mr. Songphon Chaovanayothin Senior Executive Vice President/ CRM	45	- Bachelor of Business Administration, Assumption University - Director Certification Program (DCP), class 217/2016	-	Cousin of Mr. Sorapoj Techakraisri and Mr. Chumpol Techakraisri	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
Mr. Sayarm Tongkrabin Senior Executive Vice President	48	- Master's degree in Real Estate & Construction Management, University of Denver, USA - Bachelor's degree in Business Administration (Property Insurance), Assumption University	-	-	2019 – Present	Senior Executive Vice President	Pace Development Corporation Public Company Limited	Property development
					2013 – Present	Director	One Tiger Hold Company Limited	Holding Company
					2013 – Present	Director	Two Tiger Prop Company Limited	Warehouse for rent

Name / Position	Age (years)	Educational Background	Shareholding proportion ¹ (%)	Relationship between the executive	Work Experience in the past 5 years			
					Duration	Position	Name of organization/company	Business type
		- Director Certification Program (DCP) Class 205/2015						
Mr. Prajak Jangsangtong Executive Vice President/ Chief Financial Officer	40	- Bachelor's Degree in Accounts, Kasetsart University - Certified Public Accountant	-	-	2019 – Present	Executive Vice President / Chief Financial Officer	Pace Development Corporation Public Company Limited	Property development
					2018 – Present	Finance Director	Dean & Deluca Asia (Thailand) Company Limited	Food & Beverages
					2015 – 2018	Senior Audit Manager	EY Office Limited	Accounting

Note : ¹ Including shareholding of spouse and minor children.

Attachment 2

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

Attachment 2 Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (as of 30 December 2019)

Board of Directors	1	Subsidiaries									Associated Companies								
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Mr. Kraithip Krairiksh	/																	////	/
2. Mr. Sorapoj Techakraisri	//, ///, X, Y	///	///	///	///	///	///	///	///	///			///	///	///	///			
3. Mr. Chumpol Techakraisri	//, ///	///	///	///	///	///	///	///	///	///	///	///					///, YY		
4. Mrs. Ladda Siri wattanakosol	//, ///																		
5. Mr. Prasert Patradhilok	//, ///																		
6. Mr. Wisit Kanjanopas	//, ///																		
7. Mr. Sarunthorn Chutima ¹⁾	//																		
8. Mr. Pornson Patanasin	///, Y, YY																		
9. Mr. Somsak Hongsrichinda	Y, YY								XX										
10. Mr. Songphon Chaovanayothin	YY																		
11. Mr. Sayarm Tongkrabin	Y, YY																		
12. Mr. Prajak Jangsangtong	Y, YY								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 15 May 2019 onwards.

- 1) Pace Development Corporation Public Company Limited
- 2) Pace Real Estate Company Limited
- 3) Pace Project One Company Limited
- 4) Pace Project Two Company Limited
- 5) Pace Project Three Company Limited
- 6) Pace Country Club Company Limited
- 7) Pace Interior Services Company Limited

- 8) Pace Food Retail Company Limited
- 9) Dean & Deluca Asia (Thailand) Company Limited
- 10) Pace Management Company Limited
- 11) Chadsan Phansuan Company Limited
- 12) MFT Development Company Limited
- 13) Fourteen Points Company Limited
- 14) Pace Development Company Limited

- 15) Fierce Publishing Company Limited
- 16) MahaNakhon Bespoke Tailoring Company Limited
- 17) T.Krungthai Industries Public Company Limited
- 18) Major Cineplex Group Public Company Limited
- 19) KT ZMICO Securities Company Limited

Attachment 2 Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (as of 30 December 2019)

Board of Directors	1	Associated Companies																			
		20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
1. Mr. Kraithip Krairiksh	/	///	///	//						//											
2. Mr. Sorapoj Techakraisri	//, ///, X, Y																				
3. Mr. Chumpol Techakraisri	//, ///																				
4. Mrs. Ladda Siri Wattanakosol	//, ///				///																
5. Mr. Prasert Patradhlok	//, ///					///	//	///	//		//	Z	///								
6. Mr. Wisit Kanjanopas	//, ///																///	//			
7. Mr. Sarunthorn Chutima ¹⁾	//													Z					XX		
8. Mr. Pornson Patanasin	///, Y, YY														//						
9. Mr. Somsak Hongsrichinda	Y, YY																				
10. Mr. Songphon Chaovanayothin	YY																	///			
11. Mr. Sayarm Tongkrabin	Y, YY																			///	///
12. Mr. Prajak Jangsangtong	Y, 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 15 May 2019 onwards.

20) Samitivej Public Company Limited

21) Vanachai Group Public Company Limited

22) ASEAN Potash Chaiphaphum Public Company Limited

23) Industrial and Commercial Bank of China (Thai) Public Company Limited

24) Wave Entertainment Public Company Limited

25) Kindred Company Limited

26) Boutique Newcity Public Company Limited

27) Robinson Planner Company limited

28) Advance Energy Plus Company Limited

29) Advisory Plus Company Limited

30) Panjawattana Plastic Public Company Limited

31) Teka Construction Company Limited

32) The Siam Commercial Bank Public Company Limited

33) Complete Data System Company Limited

34) Lean Enterprise Company Limited

35) Shun Thai Rubber Gloves Industry Public Company Limited

36) Eastern Energy Plus Company Limited

37) Rutchayothin Assets Management Company Limited

38) One Tiger Hold Company Limited

39) Two Tiger Prop Company Limited

Attachment 3

Details of Head of Internal Audit and Head of Compliance

Head of Internal Audit

Name – Surname	Position	Age (Years)	Education Background	Work Experiences in the past 5 years			
				Duration	Position	Name of Organization / Company	Business Type
Ms. Montakan Teannetinun*	Vice President - Internal Audit Department	40	<ul style="list-style-type: none"> - Master of Economics, Ramkhamhaeng University - Bachelor of Economics, The University Of The Thai Chamber of Commerce - Certify Professional Auditor of Thailand (CPIAT) 	2013 – Present	Vice President - Internal Audit	Pace Development Corporation Public Company Limited	Property Development
				2006 - 2012	Assistant Vice President - Internal Audit and Control.	Major Development Public Company Limited	Property Development
				2005 – 2006	Assistant Internal Audit Manager	Solartron Public Company Limited	Energy & Utilities

Remarks: Ms. Montakan Teannetinun had resigned on 16 October 2019. As of 31 December 2019, the Company could not search for any personnel who has proper qualification as the Vice-President of Internal Audit Department.

Head of Compliance

Name – Surname	Position	Age (Years)	Education Background	Work Experiences in the past 5 years			
				Duration	Position	Name of Organization / Company	Business Type
Ms. Duangkamol Ingkapattanakul	Vice President - Legal & Compliance	36	<ul style="list-style-type: none"> - Master of Laws, University of Southern California, USA - Bachelor of Laws (Honors), Chulalongkorn University - Certificate of Completion of Trial Advocacy Training Program, The Lawyers Council of Thailand 	2015– Present	Vice President – Legal & Compliance	Pace Development Corporation Public Company Limited	Property Management
				2009 – 2015	Senior Legal Advisor	DFDL (Thailand) Limited	Consultant



Attachment 4

Details of Assets Valuation

Details of assets valuation

The Company evaluated the Company's projects as follows:

Valuated Assets	Assessor	Supervisor	Purpose	Report date	Valuation Price (Baht)
1. Land of MahaNakhon Project	Sims Property Consultants Company Limited	Mr. Worrasak Chotechalemsakulchai	Consideration of impairment of assets per TAS 36	February 24 th , 2016	4,486,650,000
2. Land of MahaSamutr Project	Sims Property Consultants Company Limited	Mr. Worrasak Chotechalemsakulchai	Financial Statements Purpose per TAS 16	August 7 th , 2017	547,030,000
3. Land of Nimit Langsuan Project	Sims Property Consultants Company Limited	Mr. Worrasak Chotechalemsakulchai	Consideration of impairment of assets per TAS 36	February 23 th , 2016	1,979,250,000

Attachment 5

- (1) Report of Audit Committee
- (2) Report of Nomination and Remuneration Committee
- (3) Report of Risk Management Committee

(1) Report of the Audit Committee

Audit Committee Report

The Audit Committee of PACE Development Corporation Public Company Limited composed of 3 independent directors: Mrs. Ladda Siri wattanakosol as Chairman of Audit Committee, Mr. Prasert Patradhilok and Mr. Wisit Kanjanopas as Member of Audit Committee. The Audit Committee operates independently as well as has carried out its duties and responsibilities in accordance with the established best practices guidelines for Audit Committee as announced by the SET, in accordance with the Charter of Audit Committee and performs as assigned by the Board of Directors in overseeing the Company.

In 2019, the Company's Audit Committee held 5 meetings which there are the members attended, thus a quorum was constituted. Whereby the committee consulted the management, the external auditor and internal auditor on related matters as well as non-executive directors as seed necessary. The summary of the significant details were following below:

1. Review of accuracy of financial statements

The Audit Committee reviewed and consented the Quarterly and Annual Financial Statement 2019 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.

2. 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.

3. 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.

4. Review of compliance with laws on Securities and Stock Exchange, the SET's regulations and laws related to the Company's operations

The Audit Committee reviewed 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.

5. 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.

6. 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.

7. 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

(2) Report of performance of Nomination and Remuneration Committee

The Nomination and Remuneration Committee of PACE Development Corporation Public Company Limited consisted of 4 members, including 3 independent directors: Mr. Wisit Kanjanopas (Chairman of Nomination and Remuneration Committee), Mr. Prasert Patradhilok, Mrs. Ladda Siri Wattanakosol and 1 executive director; Mr. Sorapoj Techakraisri.

The Nomination and Remuneration Committee has carried out the duty as specified in the charter. In 2019, the Nomination and Remuneration Committee held 4 meetings which there are the members attended, thus a quorum was constituted. The substantial summary of its performance is as follows:

1. Considering the election of committee member in replacement of retired member

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

2. Considering the annual remuneration for committee

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

3. Considering the charter of the Nomination and Remuneration Committee

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

4. Considering remuneration of executive level for year of 2019

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 executive and comparison of remuneration amongst executives in other companies in the same business practice.

Mr. Wisit Kanjanopas

Chairman of the Nomination and Remuneration Committee

(3) 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: Mr. Prasert Patradhilok (Chairman of Risk Management Committee), Mrs. Ladda Siri Wattanakosol, Mr. Wisit Kanjanopas, and 1 executive director; Mr. Sorapoj 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 2019, the Risk Management Committee held 2 meetings which there are the members attended, thus a quorum was constituted. The main meeting agenda is summarized below.

1. Review the Risk Management Policy and the Risk Assessment of the year 2019

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.

2. 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.

3. 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

Pace Development Corporation Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019

Independent Auditor's Report

To the Shareholders of Pace Development Corporation Public Company Limited

Disclaimer of Opinion

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 2019, 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.

I do not express an opinion on the financial statements referred to above because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of my report to the consolidated financial statements of Pace Development Corporation Public Company Limited and its subsidiaries and the separate financial statements of Pace Development Corporation Public Company Limited for the year ended 31 December 2019

Basis for Disclaimer of Opinion

- a) As described in Note 1.2 to the consolidated financial statements, the Group has had persistent operating losses. During 2019, the consolidated and separate statements of comprehensive income presented the net operating losses of Baht 2,421 million and Baht 6,127 million, respectively. The consolidated and separate statements of financial position as at 31 December 2019 presented the total current liabilities exceeding their total current assets by Baht 8,323 million and Baht 6,500 million and the capital deficit of Baht 579 million and a Baht 931 million, respectively. The Group's total current liabilities included loan payables to a bank ("Bank") amounting to Baht 10,588 million, which in October 2019, the Group together received several Notices of Default from the Bank relating to a number of credit facility agreements. These gave notice of the suspension of credit facilities and requested the Group to settle due outstanding debts and any obligations under such agreements within a specific period of time. The Group subsequently received additional Notices of Default from the Bank. These stated that since the amounts of the above defaulted debts were significant and the defaults constituted events of default under

the cross default clauses of several credit facility agreements, the Bank, therefore requested the Group to make an early repayment of the outstanding amounts. Moreover, a subsidiary received Notice of Claim under Standby Letter of Credit and Notice of Reimbursement under Standby Letter of Credit from the Bank, requesting the subsidiary to settle due outstanding debts to the Bank within a specific period of time. Subsequently, in November 2019, the Group received several Notices of Default by Debtor from the Bank due to the Group being guarantors for repayment of debt to guarantee the credit facilities granted in accordance with the credit facility agreements. The Bank requested the Group to make the repayment within a specific period of time.

After receiving the Notices of Default previously mentioned, the management urgently consulted and negotiated with the Bank to prepare financial restructuring and debt management plans for the Group. In order to relieve the Group's debt burden, the Company entered into transactions to dispose of land in one of its real estate development projects to settle the short-term loans from the Bank as described in Note 13 and Note 22 to the consolidated financial statements and to dispose of ordinary shares it held in a subsidiary to settle the long-term loans from other companies and interest payables as described in Note 15.1.3 and Note 27 to the consolidated financial statements. The Company was also granted a waiver of the event of default under the terms and conditions in the debenture agreements, an extension of the term of the debentures and a right to retain the interest rate as described in Note 26 to the consolidated financial statements.

- b) Subsequently, on 24 April 2020, the Company and Pace Country Club Co., Ltd. ("PCC"), a wholly-owned subsidiary of the Company, as debtors, submitted a petition for business rehabilitation to the Central Bankruptcy Court ("the Court") in accordance with a resolution of the Company's Board of Directors Meeting held on 22 April 2020, resulting from lack of business liquidity and ability to settle their debts under the agreed conditions. Such circumstances cause the Company and PCC to appear in the state of the liabilities exceeding their assets as described in Note 1.1 b) to the consolidated financial statements. The Court accepted the petition on 28 April 2020 and set the date for the preliminary hearing of the petitions for business rehabilitation and appointment of the Company and PCC as the rehabilitation planners of 29 June 2020. On that day, the creditors submitted the petition to object the petition for business rehabilitation of the Company and PCC to the Court. Then the Court had an order to schedule the date of witnesses hearing during 16 September 2020 to 2 October 2020. If the Court appoints the Company and PCC as rehabilitation planners, the authority and responsibility for managing the business and assets of the Company and PCC will belong to the Company and PCC, as the rehabilitation planners. The directions of

the business rehabilitation of the Company and PCC are to seek business partner for the developed project, and complete development of projects that are in progress in order to transfer ownership to the customers and operate the planned business. Preliminarily, the Bank has agreed to support completion of one of the Company's project once the Court issues an order for the business rehabilitation of the Company and PCC and appoints a planner.

Nevertheless, on 31 March 2020, Dean & DeLuca, Inc. ("DD Inc. Group") which is an indirect subsidiary of the Company, filed a petition to enter into a financial restructuring via a court-ordered reorganisation (Chapter 11) with the United States Bankruptcy Court Southern District of New York, according to a resolution of the Company's Board of Directors Meeting held on 30 March 2020. Currently, the reorganisation is at the stage holding a creditors' conference to consider the reorganisation. However, the entering to the reorganisation process and the Coronavirus disease 2019 Pandemic continuing to widely spread and evolve, especially in the United States of America, caused DD Inc. Group to be unable to appoint an auditor for the audit of the consolidated financial statements for the year 2019. For the audit of the consolidated financial statements of the Group for the year 2019, I therefore have not received the auditor's report regarding the consolidated financial statements of DD Inc. Group for the year 2019 and was unable to perform any procedure to acquire a sufficient and appropriate conclusion of the consolidated financial position and operating performance of DD Inc. Group, therefore, the unaudited consolidated financial statements of DD Inc. Group, which were included in the consolidated financial statements of the Group, were prepared by the management based on the financial information as at 31 December 2019.

The Group entering the business rehabilitation process as previously described has resulted in the automatic stay by act of law and the cease in most of the Group's normal course of businesses.

Furthermore, as at 31 December 2019, the Group had a completed real estate project amounting to Baht 3,254 million and a sports club project in progress consisting of land amounting to Baht 547 million, crystal lagoon amounting to Baht 471 million and assets under construction amounting to Baht 1,515 million, for which the Group is in the process of fund sourcing for the construction and negotiations with business partners. The Group also had goodwill of Baht 2,252 million and trademark and trade name, franchise agreements and design software totaling Baht 2,103 million, related to the food and beverage business. The Group decided to restructure the overseas parts of this business in 2019, in order to maximise the benefit of the goodwill and trademark and trade name, and this involved the Group gradually closing uneconomic branches and considering operation of the business in a new forms with business partners. Because of the Notices of Default received as previously described, the Group entering into the business rehabilitation, as described in a) and b), respectively and the Coronavirus disease 2019 Pandemic as described in Note 1.3 to the consolidated financial statements have affected the operating performance, fund sourcing and negotiations with the business partners, 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. On this basis, the management concluded that it was not necessary to recognise additional loss on impairment. The realisable values of this group of assets may be affected by operational risks, about which there are still significant uncertainties in the current situation, such as those related to the success of the business rehabilitation, sourcing of funds, negotiations with the business partners, the Coronavirus disease 2019 Pandemic and changes in economic and market circumstances. Hence, the realisable values of such group of assets may be deemed uncertain depending on several factors and circumstances in the future.

These circumstances indicate that there are a number of significant uncertainties which could cast significant doubt on the Group's ability to continue as a going concern. This depends on the success of the business rehabilitation process, which relies on the success of the financial restructuring negotiations with the Bank and creditors along with the executions under conditions stated in the rehabilitation plan, sourcing of funds, implementation of changes in business plans in accordance with planned changes in the Group's strategies and future operations, negotiations with the business partners, the Coronavirus disease 2019 Pandemic and the recovery of economic and market circumstances.

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. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of my report involves multiple uncertainties, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

Other Specified Matters From The Audit

Inability to obtain sufficient appropriate audit evidence for the corresponding figures

As described in Note 15.1.1 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 these two subsidiaries for a total of Baht 14,000 million. These included a hotel, observation deck, and retail cube building. The Company and those two companies entered into the Investment Buy-Out Agreement, whereby the Company purchased shares of those two companies from the Company's co-venturers. These transactions were in accordance with a resolution passed by the Company's Board of Directors' Meeting on 28 March 2018. As a result of the assets disposal and shares acquisition transactions, the Company recognised losses on disposal of assets totaling Baht 3,533 million, presented as "Loss on disposal of assets" in the consolidated statement of comprehensive income for the year ended 31 December 2018.

However, the investments in the two companies that were joint ventures as at 31 December 2017, became the Company's subsidiaries during April 2018 as a result of the shares acquisition of those two companies as mentioned above. The other auditor expressed a qualified opinion on the consolidated statement of financial position as at 31 December 2017 regarding the fair value of the investments in joint ventures since limitations imposed by certain circumstances. I was therefore unable to obtain sufficient appropriate audit evidence relating to the balance brought forward as at 1 January 2018 of the value of investments in joint ventures, which were reflected in the carrying values of the net asset of those two subsidiaries which were included in the consolidated financial statements when becoming the Company's subsidiaries. The carrying values of such assets were used to determine the loss on disposals of assets of the two subsidiaries amounting to Baht 3,533

million, as presented in the consolidated statement of comprehensive income for the year ended 31 December 2018. I was, therefore, unable to determine whether and to what extent any adjustments are required to the loss on disposal of assets. My opinion on the consolidated financial statements for the year ended 31 December 2018 was qualified on these matters which the figures were presented as comparative figures in the current year's consolidated financial statements. Therefore, they would have an impact on the comparability of the current year's figures and the corresponding figures presented in the consolidated statements of comprehensive income, changes in shareholders' equity and cash flow.

Emphasis of Matters

I draw attention to Note 1.3 to the consolidated financial statements, which describes the Coronavirus disease 2019 Pandemic. My report on the financial statements referred to above is not changed as a result of this matter.

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. 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 report.

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.

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

Siraporn Ouaanunkun
Certified Public Accountant (Thailand) No. 3844

EY Office Limited
Bangkok: 24 August 2020

Pace Development Corporation Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	8	273,598,256	1,278,058,142	12,772,571	839,929,219
Current investments	9	-	6,933,495	-	6,933,495
Trade and other receivables	10	483,042,170	886,724,539	425,782,711	792,886,105
Short-term loans to other persons and other companies					
and interest receivables	11	125,083,655	1,212,591	120,005,672	-
Inventories	12	88,624,853	167,772,536	-	-
Cost of real estate development for sales	13	8,045,329,050	9,556,362,026	7,492,799,608	7,467,150,841
Advance payments for purchase of goods		28,124,611	28,502,863	-	-
Advance payments for construction		227,862,884	405,614,892	225,513,183	361,868,480
Refundable value added tax		17,247,973	16,327,807	303,179	20,161
Cost to obtain contracts with customers	4, 14	108,520,241	-	98,122,273	-
Other current assets		109,506,852	108,700,461	4,715,243	4,946,376
Assets held for sale	16	-	262,603,511	-	-
Total current assets		9,506,940,545	12,718,812,863	8,380,014,440	9,473,734,677
Non-current assets					
Pledged and restricted bank deposits		441,739,592	31,819,800	439,920,742	40,175
Accrued management fee income from subsidiaries	7	-	-	321,701,600	321,701,600
Long-term loans to related parties and interest receivables	7	86,099,328	135,839,230	4,089,559,211	6,340,034,354
Investments in subsidiaries	15	-	-	8,222,438,341	8,392,438,341
Rights-of-use assets	17	4,364,617	10,243,160	-	-
Advance payment for purchase of land	37.1b)	-	100,000,000	-	100,000,000
Investment properties	18	-	-	644,397,899	652,097,276
Property, plant and equipment	19	2,673,061,330	3,616,257,549	11,374,820	23,437,509
Intangible assets	20	2,107,930,954	1,870,430,503	1,898,680	2,631,045
Goodwill	21	2,265,619,472	2,444,339,231	-	-
Deferred tax assets	33	385,734,595	268,755,663	298,827,505	180,302,361
Other non-current assets		388,670,400	415,377,146	58,125,320	50,908,546
Total non-current assets		8,353,220,288	8,893,062,282	14,088,244,118	16,063,591,207
Total assets		17,860,160,833	21,611,875,145	22,468,258,558	25,537,325,884

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 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	22	2,304,526,553	3,058,563,439	1,983,540,241	2,445,531,793
Short-term loans from other persons	23	193,095,058	176,872,943	-	-
Short-term loans from related person	7	717,000	85,667,472	-	-
Trade and other payables	24	3,185,378,862	2,617,602,901	1,062,870,174	549,418,054
Payables for purchase of land		101,412,000	101,412,000	101,412,000	101,412,000
Current portion of liabilities					
Long-term loans from financial institutions	25	7,928,447,697	8,062,656,554	6,038,692,103	5,997,672,524
Debentures	26	1,291,115,798	1,252,665,567	1,218,344,376	1,213,829,390
Long-term loans from other companies	27	-	245,294,521	-	-
Liabilities under finance lease agreements		738,937	2,670,295	499,678	2,316,744
Advances and deposits received from customers		2,482,563,845	3,049,571,490	2,294,924,741	2,293,549,164
Income tax payable		125,182,797	94,639,514	-	-
Provision for loss on guarantee of subsidiary's loans	22, 25		-	2,098,737,808	-
Other current liabilities		216,533,576	128,903,925	80,975,515	22,749,902
Total current liabilities		17,829,712,123	18,876,520,621	14,879,996,636	12,626,479,571
Non-current liabilities					
Deposits received from customers		72,365,538	84,110,160	-	-
Liabilities - net of current portion					
Long-term loans from subsidiaries and interest payables	7	-	-	8,455,960,988	8,316,158,835
Long-term loans from financial institutions	25	-	781,173,173	-	-
Liabilities under finance lease agreements		-	611,040	-	499,676
Deferred tax liabilities	33	172,972,021	182,143,900	-	-
Provision for long-term employee benefits	28	28,832,782	15,417,823	20,192,029	13,081,604
Other non-current liabilities		335,485,496	406,837,867	43,151,129	43,151,129
Total non-current liabilities		609,655,837	1,470,293,963	8,519,304,146	8,372,891,244
Total liabilities		18,439,367,960	20,346,814,584	23,399,300,782	20,999,370,815

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 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Shareholders' equity					
Share capital	29				
Registered					
26,783,432,556 ordinary shares of Baht 1 each					
(31 December 2018: 16,782,648,000 ordinary shares of Baht 1 each)		26,783,432,556	16,782,648,000	26,783,432,556	16,782,648,000
Issued and fully paid-up					
14,373,415,260 ordinary shares of Baht 1 each					
(31 December 2018: 12,038,690,872 ordinary shares of Baht 1 each)		14,373,415,260	12,038,690,872	14,373,415,260	12,038,690,872
Share discount	29	(2,010,348,609)	(255,321,601)	(2,010,348,609)	(255,321,601)
Other reserve		234,718,370	234,718,370	-	-
Deficit from the changes in the ownership interests in subsidiaries		(676,369,870)	(680,445,857)	-	-
Deficit from business combination under common control		(263,100,789)	(324,475,349)	-	-
Retained earnings (Deficit)					
Appropriated - statutory reserve		15,643,231	15,643,231	15,643,231	15,643,231
Deficit		(12,338,581,849)	(9,971,094,843)	(13,309,752,106)	(7,261,057,433)
Other components of shareholders' equity		85,417,129	207,345,738	-	-
Total shareholders' equity (Capital deficit)		(579,207,127)	1,265,060,561	(931,042,224)	4,537,955,069
Total liabilities and shareholders' equity		17,860,160,833	21,611,875,145	22,468,258,558	25,537,325,884
		-	-	-	-

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

Directors

Pace Development Corporation Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenue from sales of land and houses and residential condominium units		469,203,911	6,114,973,642	-	159,237,382
Revenue from sales of merchandises, foods and beverages		1,194,142,393	2,434,118,681	-	-
Revenue from trademark and trade name fees		48,285,459	43,626,652	-	-
Interior service income		148,687,868	23,886,386	-	-
Interest income		7,234,950	146,424,786	315,732,219	628,816,930
Management fee income		600,000	3,174,410	2,400,000	55,570,210
Other income					
Procurement income from disposal of assets	15.1.1	-	-	-	1,200,000,000
Reversal of net impairment in subsidiaries	15.1.1	-	-	-	321,652,180
Gain on disposal of investment in subsidiary	15.1.3	34,731,343	-	178,567,548	-
Operating gain of subsidiary disposed during the year		76,158,199	-	-	-
Gain on disposal of investment in joint venture	16	35,649,753	-	-	-
Gain on debt deduction		179,197,288	-	-	-
Others		30,311,996	47,109,880	4,709,101	10,359,803
Total revenues		2,224,203,160	8,813,314,437	501,408,868	2,375,636,505
Expenses					
Cost of sales of land and houses and residential condominium units		420,514,638	4,653,998,122	-	138,621,440
Cost of sales of merchandises, foods and beverages		567,410,883	1,297,550,360	-	-
Cost of interior service		134,476,414	9,326,938	-	-
Selling expenses		1,070,203,549	2,128,809,003	6,886,342	22,486,651
Administrative expenses		1,398,550,094	1,503,717,347	540,580,135	563,810,728
Loss on impairment of					
Other receivable - subsidiary	7	-	-	29,034,269	-
Long-term loans to subsidiaries and interest receivables	7	-	-	2,640,322,635	5,006,530,013
Investments in subsidiaries	15	-	-	583,670,000	215,541,020
Advance payment for purchase of land	37.1 b)	100,000,000	-	100,000,000	-
Leasehold improvement, equipment and computer softwares	19, 20	181,712,198	1,969,910	-	-
Operating loss of subsidiary disposed during the year		-	36,929,817	-	-
Loss on transfer of asset for debt settlement	13	8,565,283	-	8,565,283	-
Loss on disposal of assets	15.1.1	-	3,532,841,239	-	-
Loss on guarantee of subsidiary's loans	22, 25	-	-	2,098,737,808	-
Total expenses		3,881,433,059	13,165,142,736	6,007,796,472	5,946,989,852
Loss before share of loss from investments					
in joint ventures, finance cost and income tax		(1,657,229,899)	(4,351,828,299)	(5,506,387,604)	(3,571,353,347)
Share of loss from investments in joint ventures		(4,004,240)	(46,703,406)	-	-
Loss before finance cost and income tax		(1,661,234,139)	(4,398,531,705)	(5,506,387,604)	(3,571,353,347)
Finance cost		(876,101,343)	(809,571,706)	(758,178,908)	(575,592,804)
Loss before income tax		(2,537,335,482)	(5,208,103,411)	(6,264,566,512)	(4,146,946,151)
Income tax	33	115,887,279	55,293,543	137,994,483	(46,386,701)
Loss for the year		(2,421,448,203)	(5,152,809,868)	(6,126,572,029)	(4,193,332,852)
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		(121,928,609)	(7,739,255)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(121,928,609)	(7,739,255)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain (loss)		(5,836,546)	8,644,157	(2,073,257)	7,498,966
Less: Income tax effect		1,167,309	(1,728,831)	414,651	(1,499,793)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(4,669,237)	6,915,326	(1,658,606)	5,999,173
Other comprehensive income for the year		(126,597,846)	(823,929)	(1,658,606)	5,999,173
Total comprehensive income for the year		(2,548,046,049)	(5,153,633,797)	(6,128,230,635)	(4,187,333,679)

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 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit (loss) attributable to:				
Equity holders of the Company	(2,421,448,203)	(5,155,514,146)	<u>(6,126,572,029)</u>	<u>(4,193,332,852)</u>
Non-controlling interests of the subsidiaries	<u>-</u>	<u>2,704,278</u>		
	<u>(2,421,448,203)</u>	<u>(5,152,809,868)</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	(2,548,046,049)	(5,156,338,075)	<u>(6,128,230,635)</u>	<u>(4,187,333,679)</u>
Non-controlling interests of the subsidiaries	<u>-</u>	<u>2,704,278</u>		
	<u>(2,548,046,049)</u>	<u>(5,153,633,797)</u>		
Earnings per share				
Basic earnings per share				
Loss attributable to equity holders of the Company	<u>(0.186)</u>	<u>(0.466)</u>	<u>(0.470)</u>	<u>(0.379)</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 2019

(Unit: Baht)

	Consolidated financial statements													
	Equity attributable to owners of the Company													
												Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity (Capital deficit)
	Other components of equity													
	Other comprehensive income													
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)		Exchange differences on translation of financial statements	Income tax relating to other components of shareholders' equity	Total other components of shareholders' equity					
					Statutory reserve	Deficit	in foreign currency	Revaluation surplus of land	equity	shareholders' equity				
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)	215,084,993	2,246,941,944	14,991,950	2,261,933,894
Profit (loss) for the year	-	-	-	-	-	-	(5,155,514,146)	-	-	-	-	(5,155,514,146)	2,704,278	(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	-	-	-	-	-	-	(5,148,598,820)	(7,739,255)	-	-	(7,739,255)	(5,156,338,075)	2,704,278	(5,153,633,797)
Issuance of new ordinary shares	8,280,662,675	(4,102,129,996)	-	-	-	-	-	-	-	-	-	4,178,532,679	-	4,178,532,679
Purchase of investments in a subsidiary	-	-	-	(4,075,987)	-	-	-	-	-	-	-	(4,075,987)	(17,696,228)	(21,772,215)
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	(9,971,094,843)	(2,673,101)	262,523,549	(52,504,710)	207,345,738	1,265,060,561	-	1,265,060,561
														-
Balance as at 1 January 2019 - as previously reported	12,038,690,872	(255,321,601)	234,718,370	(680,445,857)	(324,475,349)	15,643,231	(9,971,094,843)	(2,673,101)	262,523,549	(52,504,710)	207,345,738	1,265,060,561	-	1,265,060,561
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	-	-	-	124,080,981	-	-	-	-	124,080,981	-	124,080,981
Balance as at 1 January 2019 - as restated	12,038,690,872	(255,321,601)	234,718,370	(680,445,857)	(324,475,349)	15,643,231	(9,847,013,862)	(2,673,101)	262,523,549	(52,504,710)	207,345,738	1,389,141,542	-	1,389,141,542
Loss for the year	-	-	-	-	-	-	(2,421,448,203)	-	-	-	-	(2,421,448,203)	-	(2,421,448,203)
Other comprehensive income for the year	-	-	-	-	-	-	(4,669,237)	(121,928,609)	-	-	(121,928,609)	(126,597,846)	-	(126,597,846)
Total comprehensive income for the year	-	-	-	-	-	-	(2,426,117,440)	(121,928,609)	-	-	(121,928,609)	(2,548,046,049)	-	(2,548,046,049)
Issuance of new ordinary shares (Note 29)	2,334,724,388	(1,755,027,008)	-	-	-	-	-	-	-	-	-	579,697,380	-	579,697,380
Effect from disposal of investment in subsidiary (Note 15.1.3)	-	-	-	-	61,374,560	-	(61,374,560)	-	-	-	-	-	-	-
Effect from liquidation of subsidiary (Note 15.2.4)	-	-	-	4,075,987	-	-	(4,075,987)	-	-	-	-	-	-	-
Balance as at 31 December 2019	14,373,415,260	(2,010,348,609)	234,718,370	(676,369,870)	(263,100,789)	15,643,231	(12,338,581,849)	(124,601,710)	262,523,549	(52,504,710)	85,417,129	(579,207,127)	-	(579,207,127)

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 2019

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up	Share premium	Retained earnings (Deficit)		Total
	share capital	(discount)	Appropriated	Deficit	Shareholders' equity (Capital deficit)
Balance as at 1 January 2018	3,758,028,197	3,846,808,395	15,643,231	(3,073,723,754)	4,546,756,069
Loss 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	8,280,662,675	(4,102,129,996)	-	-	4,178,532,679
Balance as at 31 December 2018	12,038,690,872	(255,321,601)	15,643,231	(7,261,057,433)	4,537,955,069
					-
Balance as at 1 January 2019 - as previously reported	12,038,690,872	(255,321,601)	15,643,231	(7,261,057,433)	4,537,955,069
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	79,535,962	79,535,962
Balance as at 1 January 2019 - as restated	12,038,690,872	(255,321,601)	15,643,231	(7,181,521,471)	4,617,491,031
Loss for the year	-	-	-	(6,126,572,029)	(6,126,572,029)
Other comprehensive income for the year	-	-	-	(1,658,606)	(1,658,606)
Total comprehensive income for the year	-	-	-	(6,128,230,635)	(6,128,230,635)
Issuance of new ordinary shares (Note 29)	2,334,724,388	(1,755,027,008)	-	-	579,697,380
Balance as at 31 December 2019	14,373,415,260	(2,010,348,609)	15,643,231	(13,309,752,106)	(931,042,224)

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss before tax	(2,537,335,482)	(5,208,103,411)	(6,264,566,512)	(4,146,946,151)
Less: Income tax of subsidiary disposed during the year	18,135,817	6,490,695	-	-
Loss before income tax	(2,519,199,665)	(5,201,612,716)	(6,264,566,512)	(4,146,946,151)
Adjustments to reconcile loss before tax to				
net cash provided by (paid from) operating activities:				
Gain on sales of current investments	(37,640)	(60,380)	(37,640)	(60,380)
Unrealised gain on changes in value of current investments	-	(27,144)	-	(27,144)
Increase in allowance for doubtful accounts	9,191	82,390,389	2,669,356,904	821,080,311
Loss on inventories write-off	25,060,244	-	-	-
Reversal of allowance for declining in value of inventories	-	(4,546,850)	-	-
Reversal of declining in value of cost of real estate development for sales to net realisable value	(121,300,000)	(27,900,000)	(109,000,000)	-
Loss on transfer of asset for debt settlement	8,565,283	-	8,565,283	-
Gain on disposal of investment in subsidiary	(34,731,343)	-	(178,567,548)	-
Loss on impairment of investments in subsidiaries	-	-	583,670,000	4,079,338,540
Gain on disposal of investment in joint venture	(35,649,746)	-	-	-
Loss on impairment of advance payment for purchase of land	100,000,000	-	100,000,000	-
Depreciation and amortisation	201,301,776	245,222,655	20,969,084	26,030,902
Loss on disposal of assets	-	3,532,841,244	-	-
Loss (gain) on sales of equipment	197,542	1,401,307	(224,155)	(219,484)
Loss on leasehold improvements and equipment write-off	416,738,709	74,634,835	181,250	37,088,626
Loss on impairment of leasehold improvements and equipment	179,095,539	1,969,910	-	-
Loss on computer softwares write-off	160,476	-	-	-
Loss on impairment of computer softwares	2,616,686	-	-	-
Loss on impairment of goodwill	7,298,356	92,684,448	-	-
Loss on withholding tax deducted at source write-off	5,995,691	-	-	-
Loss on rental deposit write-off	-	1,100,000	-	1,100,000
Amortisation of deferred front-end fee and deferred debenture issuing costs	24,863,280	126,007,391	10,921,742	14,871,716
Increase in provision for compensation for customer (reverse)	20,943,290	(12,626,157)	-	7,006,283
Provision for long-term employee benefits	7,966,604	6,219,167	5,037,167	4,581,118
Gain on debt deduction	(179,197,288)	-	-	-
Unrealised loss (gain) on exchange rate	4,281,766	(238,190)	241,911,950	14,482,271
Share of loss from investment in joint ventures	4,004,240	46,703,406	-	-
Loss on guarantee of subsidiary's loans	-	-	2,098,737,808	-
Interest income	(7,234,950)	(146,424,786)	(315,732,219)	(628,816,930)
Interest expenses	851,238,063	683,564,315	747,257,166	560,721,089
Profit (loss) from operating activities before changes in operating assets and liabilities	(1,037,013,896)	(498,697,156)	(381,519,720)	790,230,767
Operating assets (increase) decrease				
Trade and other receivables	371,578,018	497,463,394	332,646,010	(589,019,764)
Inventories	54,087,440	53,171,376	-	-
Cost of real estate development for sales	(152,210,995)	2,615,597,297	(212,397,764)	(1,085,020,144)
Advance payments for purchase of goods	378,252	-	-	-
Advance payments for construction	170,454,507	55,599,242	136,355,297	(179,627,497)
Refundable value added tax	(920,167)	211,252,982	(283,018)	(20,161)
Cost to obtain contracts with customers	10,163,738	-	1,297,680	-
Other current assets	(774,013)	48,136,215	(139,518)	41,896,480
Accrued management fee income from related parties	-	(2,599,800)	-	(32,595,600)
Other non-current assets	33,220,218	(23,697,259)	1,687,009	(157,324)
Operating liabilities increase (decrease)				
Trade and other payables	431,560,406	(766,238,025)	169,714,244	23,521,515
Advances and deposits received from customers	(409,957,936)	(564,463,259)	11,160,107	128,453,016
Other current liabilities	80,411,270	(367,451,790)	58,225,614	(33,346)
Provision for long-term employee benefits	(275,140)	(430,468)	-	-
Other non-current liabilities	(31,613,680)	101,165,970	-	(58,911,053)
Cash flows from (used in) operating activities				
Cash paid for interest expenses	(621,434,996)	(954,967,453)	(396,731,885)	(557,435,688)
Cash paid for income tax	(43,938,142)	(262,593,708)	(8,903,783)	(29,906,322)
Cash received from interest income	4,456,338	5,693,358	79,322,330	2,828,065
Cash received from corporate income tax	-	71,183,385	-	-
Net cash flows from (used in) operating activities	(1,141,828,778)	218,124,301	(209,567,397)	(1,545,797,056)

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease in savings deposit with specific purpose	-	-	-	929,214
Proceeds from sales of current investments	6,971,135	3,000,000	6,971,135	3,000,000
Decrease (increase) in short-term loan to other persons and other company	(2,528,794)	-	1,349,700	-
Decrease (increase) in pledged and restricted bank deposits	(439,919,792)	142,596,102	(439,880,567)	47,397,545
Increase in investments in subsidiaries	-	(8,491,144,073)	(583,670,000)	(9,742,202,300)
Cash paid for purchases of investments in a subsidiaries	-	(21,772,215)	-	-
Cash paid for purchase of investment in joint venture	-	(58,800,000)	-	-
Proceeds from disposal of investment in joint venture	311,097,000	-	-	-
Increase in long-term loans to related parties	(37,964,963)	-	(1,020,692,133)	(3,600,933,666)
Cash received from long-term loans to related parties	-	-	808,029,202	5,570,446,224
Cash paid for purchases of leasehold improvements and equipment	(138,818,426)	(157,638,187)	(3,451)	(991,191)
Proceeds from sales of equipment	824,829	1,441,283	359,356	1,314,078
Proceeds from sales of assets	-	11,031,503,812	-	-
Cash paid for purchases of intangible assets	(2,025,333)	(7,143,199)	(417,000)	(426,042)
Net cash flows from (used in) investing activities	(302,364,344)	2,442,043,523	(1,227,953,758)	(7,721,466,138)
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(269,087,334)	(1,282,460,910)	-	(1,281,668,299)
Cash received from short-term loans from other company	70,000,000	-	-	-
Increase in bills of exchange payables and promissory note	110,000,000	1,295,000,000	-	1,115,000,000
Cash paid for bills of exchange payables	(95,000,000)	(1,820,000,000)	-	(1,570,000,000)
Cash received from short-term loan from related person	717,000	-	-	-
Cash received from long-term loans from related parties	-	-	1,842,000	8,347,547,565
Cash paid for long-term loans from related parties	-	(838,000,000)	(958,130)	(205,620,244)
Cash received from long-term loans from financial institutions	720,600,000	2,904,040,583	32,100,000	2,800,040,582
Cash paid for long-term loans from financial institutions	(856,589,072)	(3,688,994,536)	-	(48,677,266)
Cash received from debentures	173,500,000	40,000,000	-	-
Cash paid for debentures	(140,000,000)	(3,323,000,000)	-	(3,323,000,000)
Cash received from long-term loans from other companies	60,000,000	-	-	-
Cash paid for long-term loans from other companies	-	(33,520,000)	-	(30,000,000)
Cash paid for front-end fee and debenture issuing costs	(4,704,658)	(7,816,607)	-	-
Cash paid for liabilities under finance lease agreements	(2,838,887)	(2,926,687)	(2,316,743)	(2,668,353)
Cash received from increase of share capital	583,681,097	4,184,331,434	583,681,097	4,184,331,434
Cash paid for transaction costs relating to increase in share capital	(3,983,717)	(5,798,755)	(3,983,717)	(5,798,755)
Net cash flows from (used in) financing activities	346,294,429	(2,579,145,478)	610,364,507	9,979,486,664
Increase (decrease) in translation adjustment	93,438,807	(5,358,214)	-	-
Net increase (decrease) in cash and cash equivalents	(1,004,459,886)	75,664,132	(827,156,648)	712,223,470
Cash and cash equivalents at beginning of year	1,278,058,142	1,202,394,010	839,929,219	127,705,749
Cash and cash equivalents at end of year	273,598,256	1,278,058,142	12,772,571	839,929,219

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Supplemental cash flows information:				
Non-cash transactions				
Transfer other receivable and advance to subsidiary to long-term loan from subsidiary and interest receivable	-	-	2,859,353	-
Transfer advance to subsidiary to long-term loan to subsidiary	-	-	1,702,106	-
Transfer cost of real estate development for sales to short-term loans from financial institution	461,991,552	-	461,991,552	-
Transfer cost of real estate development for sales to other payable	63,057,448	-	63,057,448	-
Interest expenses recorded as cost of real estate development for sales and construction in progress	108,474	7,452,512	-	4,169,666
Transfer long-term loans to subsidiary to long-term loans to another subsidiary	-	-	48,071,558	-
Transfer long-term loans to subsidiary to accrued expense	-	-	5,033,984	-
Transfer long-term loans to subsidiary to long-term loans from subsidiary	-	-	677,579	-
Transfer long-term loans to related party to short-term loans from related person	83,488,680	-	-	-
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 cash flow from disposal of investment in subsidiary to long-term loan to subsidiary	-	-	348,567,548	-
Transfer cash received from disposal of investment in subsidiary to long-term loans from other companies	310,000,000	-	-	-
Transfer equipment to cost of real estate development for sales	568,170	-	-	-
Transfer equipment and asset under installation to computer softwares and business model	466,674,890	-	-	-
Increase (decrease) in leasehold improvements and equipment by means of :				
Finance lease agreements	296,488	-	-	-
Payables for purchase of leasehold improvements and equipment	136,338,548	(66,416,738)	-	(844,230)
Receivables from sales of equipment	-	(3,999,655)	-	(3,999,655)
Construction payables and accrued construction costs	64,646,283	(816,594,287)	94,615,534	(501,149,020)
Transfer loan from other company to deposits received from customer	-	100,000,000	-	-
Transfer advances and deposits received from customers to other payables	12,284,530	57,772,013	9,784,530	57,772,013
Deferred front-end fee and debenture issuing cost capitalised as a part of cost of real estate projects for sales under development	3,481,955	8,901,620	2,512,824	5,618,775

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 2019

1. General information

1.1 Corporate information

- a) Pace Development Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Group is principally engaged in property development and has its subsidiaries principally engaged in retailer of premium and delicatessen. During April 2020, the Company has changed its registered office address from No. 87/2 CRC Tower, All Seasons Place, 45th Floor, Unit 4, Wireless Road, Lumpini, Pathumwan, Bangkok to No. 53 Sivatel Tower, 16th Floor, Unit 1606, Wireless Road, Lumpini, Pathumwan, Bangkok.
- b) On 24 April 2020, the Company and Pace Country Club Co., Ltd. (“PCC”), a wholly-owned subsidiary of the Company, as debtors, submitted a petition for business rehabilitation to the Central Bankruptcy Court (“the Court”) in accordance with a resolution of the Company’s Board of Directors Meeting held on 22 April 2020, resulting from lack of business liquidity and ability to settle their debts under the agreed conditions. Such circumstances cause the Company and PCC to appear in the state of the liabilities exceeding their assets. The Court accepted the petition on 28 April 2020 and set the date for the preliminary hearing of the petitions for business rehabilitation and appointment of the Company and PCC as the rehabilitation planners of 29 June 2020. On that day, the creditors submitted the petition to object the petition for business rehabilitation of the Company and PCC to the Court. Then the Court had an order to schedule the date of witnesses hearing during 16 September 2020 to 2 October 2020. If the Court appoints the Company and PCC as the rehabilitation planners, the authority and responsibility for managing the business and assets of the Company and PCC will belong to the Company and PCC, as the rehabilitation planners. The directions of the business rehabilitation of the Company and PCC are to seek business partner for the developed project, and complete development of projects that are in progress in order to transfer ownership to the customers and operate the planned business. Preliminarily, the Bank has agreed to support completion of one of the Company’s project once the Court issues an order for the business rehabilitation of the Company and PCC and appoints a planner.

Nevertheless, on 31 March 2020, Dean & DeLuca, Inc. (“DD Inc. Group”) which is an indirect subsidiary of the Company, filed a petition to enter into a financial restructuring via a court-ordered reorganisation (Chapter 11) with the United States Bankruptcy Court Southern District of New York, according to a resolution of the Company’s Board of Directors Meeting held on 30 March 2020. The management believed that such a reorganisation would allow DD Inc. Group to preserve the value of its business including its intellectual property.

The reorganisation process will minimise the impact on the employees, customers and partners and will enable the US business to recover and operate its business in the future. This reorganisation process does not affect the operations of licensees who operate Dean & DeLuca businesses in other countries, who continue to operate their businesses as usual. Currently, the reorganisation is at the stage holding a creditors' conference to consider the reorganisation. However, the entering to the reorganisation process and the Coronavirus disease 2019 Pandemic continuing to widely spread and evolve, especially in the United States of America, caused DD Inc. Group to be unable to appoint an auditor for the audit of the consolidated financial statements for the year 2019. Therefore the unaudited consolidated financial statements of DD Inc. Group, which were included in the consolidated financial statements of the Group, were prepared by the management based on the financial information as at 31 December 2019.

The Group entering the business rehabilitation process as previously described has resulted in the automatic stay by act of law and the cease in most of the Group's normal course of businesses.

1.2 Accounting assumptions

The Group has had persistent operating losses. During 2019, the consolidated and separate statements of comprehensive income presented the net operating losses of Baht 2,421 million and Baht 6,127 million, respectively. The consolidated and separate statements of financial position as at 31 December 2019 presented the total current liabilities exceeding their total current assets by Baht 8,323 million and Baht 6,500 million and the capital deficit of Baht 579 million and a Baht 931 million, respectively. The Group's total current liabilities included loan payables to a bank ("Bank") amounting to Baht 10,588 million, which in October 2019, the Group together received several Notices of Default from the Bank relating to a number of credit facility agreements. These gave notice of the suspension of credit facilities and requested the Group to settle due outstanding debts and any obligations under such agreements within a specific period of time. The Group subsequently received additional Notices of Default from the Bank. These stated that since the amounts of the above defaulted debts were significant and the defaults constituted events of default under the cross default clauses of several credit facility agreements, the Bank, therefore requested the Group to make an early repayment of the outstanding amounts. Moreover, a subsidiary received Notice of Claim under Standby Letter of Credit and Notice of Reimbursement under Standby Letter of Credit from the Bank, requesting the subsidiary to settle due outstanding debts to the Bank within a specific period of time. Subsequently, in November 2019, the Group received several Notices of Default by Debtor from the Bank due to the Group being guarantors for repayment of debt to guarantee the credit facilities granted in accordance with the credit facility agreements. The Bank requested the Group to make the repayment within a specific period of time.

After receiving the Notices of Default previously mentioned, the management urgently consulted and negotiated with the Bank to prepare financial restructuring and debt management plans for the Group. In order to relieve the Group's debt burden, the Company entered into transactions to dispose of land in one of its real estate development projects to settle the short-term loans from the Bank as described in Note 13 and Note 22 to the consolidated financial statements and to dispose of ordinary shares it held in a subsidiary to settle the long-term loans from other companies and interest payables as described in Note 15.1.3 and Note 27 to the consolidated financial statements. The Company was also granted a waiver of the event of default under the terms and conditions in the debenture agreements, an extension of the term of the debentures and a right to retain the interest rate as described in Note 26 to the consolidated financial statements.

Furthermore, as at 31 December 2019, the Group had a completed real estate project amounting to Baht 3,254 million and a sports club project in progress consisting of land amounting to Baht 547 million, crystal lagoon amounting to Baht 471 million and assets under construction amounting to Baht 1,515 million, for which the Group is in the process of fund sourcing for the construction and negotiations with business partners. The Group also had goodwill of Baht 2,252 million and trademark and trade name, franchise agreements and design software totaling Baht 2,103 million, related to the food and beverage business. The Group decided to restructure the overseas parts of this business in 2019, in order to maximise the benefit of the goodwill and trademark and trade name, and this involved the Group gradually closing uneconomic branches and considering operation of the business in a new forms with business partners. Because of the Notices of Default received, as described above, the Group entering into the business rehabilitation, as described in Note 1.1 b) to the consolidated financial statements and the Coronavirus disease 2019 Pandemic as described in Note 1.3 to the consolidated financial statements have affected the operating performance, fund sourcing and negotiations with the business partners, 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. On this basis, the management concluded that it was not necessary to recognise additional loss on impairment. The realisable values of this group of assets may be affected by operational risks, about which there are still significant uncertainties in the current situation, such as those related to the success of the business rehabilitation, sourcing of funds, negotiations with the business partners, the Coronavirus disease 2019 Pandemic and changes in economic and market circumstances. Hence, the realisable values of such group of assets may be deemed uncertain depending on several factors and circumstances in the future.

These circumstances indicate there are a number of significant uncertainties which could cast significant doubt on the Group's ability to continue as a going concern. This depends on the success of the business rehabilitation process, which relies on the success of the financial restructuring negotiations with the Bank and creditors along with the executions under conditions stated in the rehabilitation plan, sourcing of funds, implementation of changes in business plans in accordance with planned changes in the Group's strategies and future operations, negotiations with the business partners, the Coronavirus disease 2019 Pandemic and the recovery of economic and market circumstances. The management has therefore decided that it is correct and appropriate to prepare the Group's financial statements for the year ended 31 December 2019 based on the assumption that the Group will continue its operations as a going concern. Accordingly, such financial statements do not include any adjustments to present assets at their realisable values and liabilities at their settlement amounts, and to make the reclassifications that may be required in the event that the Group is unable to continue its operations as a going concern.

1.3 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 Pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation significantly affects those of the Group's business activities related to the foods and beverages business units, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage.

The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

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>2019</u>	<u>2018</u>
			Percent	Percent
<u>Subsidiaries directly owned by the Company</u>				
YLP Co., Ltd.	Property development	Thailand	-	100.00
Pace Country Club Co., Ltd.	Property development and management	Thailand	100.00	100.00
Pace Interior Services Co., Ltd.	Interior service	Thailand	100.00	100.00
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	100.00	100.00
Pace Real Estate Co., Ltd.	Investment in equity shares	Thailand	100.00	100.00
Pace Project One Co., Ltd.	Hotel	Thailand	74.50	74.50
Pace Project Two Co., Ltd.	Luxury condominium	Thailand	50.00	50.00
Pace Project Three Co., Ltd.	Shopping centre and sky observation deck	Thailand	74.36	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	100.00	100.00
Dean & DeLuca, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca International (Singapore) Pte. Ltd.	Supporting master franchise	Singapore	100.00	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
Held by Pace Real Estate Co., Ltd.				
Pace Project One Co., Ltd.	Hotel	Thailand	25.50	25.50
Pace Project Two Co., Ltd.	Luxury condominium	Thailand	50.00	50.00
Pace Project Three Co., Ltd.	Shopping centre and sky observation deck	Thailand	25.64	25.64
Held by Pace Project Three Co., Ltd.				
MahaNakhon Observatory and Retail Co., Ltd.	Liquidation in 2019	Thailand	-	100.00
Held by Dean & DeLuca Asia (Thailand) Co., Ltd.				
Dean & DeLuca Airport Co., Ltd.	Liquidation in 2019	Thailand	-	100.00
Dean & DeLuca Asia (Singapore) Pte. Ltd.	A franchise business holding the Master Franchise License in Asia Pacific	Singapore	100.00	100.00
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	100.00	100.00
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	100.00	100.00
Held by Dean & DeLuca, Inc.				
Dean & DeLuca Brands, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Marketing, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Atlanta, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
Dean & DeLuca Markets, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
D&D Cafes of NC, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Georgetown, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Imports, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Call Center, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca New York, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Espresso, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Madison Avenue, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Gaetano & Barteau, Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca International, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Brands Hawaii, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Consumer Brands Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
Dean & DeLuca Incorporated	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Espresso D.C., Inc.	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Productions, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Small Format, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
Dean & DeLuca Small Format Lq, LLC	Retailer of premium gourmet and delicatessen business	The United States of America	100.00	100.00
D&D Mount Limited	Food and beverage	United Kingdom	100.00	100.00
D&D Fourteen Limited	Food and beverage	United Kingdom	100.00	100.00

- 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 Group 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 venture under the cost method.

3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are 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 Group adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated. The Group elects to apply the following practical expedients.

- Not restate completed contracts as at 1 January 2019 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy;
- Not restate the contracts that were modified before 1 January 2019 but reflect the aggregate effect of all of the modifications that occur before such date when identifying the performance obligations, determining the transactions price and allocating the transaction price to the performance obligations.

The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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 Group expects the adoption of these accounting standards to result in the following adjustment.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the consolidated financial statements, during the current year, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the changes in accounting policies due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Impact on retained earnings as at 1 January 2019		
Cost to obtain contracts with customers (Note 14)	155	99
Related tax	(31)	(19)
Total	124	80

The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of comprehensive income for the year ended 31 December 2019 are summarised below.

	(Unit: Million Baht)		
	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of financial position			
Assets			
Cost of real estate development for sales	8,373	(328)	8,045
Cost to obtain contracts with customers	-	109	109
Other current assets	147	(37)	110
Goodwill	2,273	(7)	2,266
Deferred tax assets	396	(10)	386
Liabilities			
Advances and deposits received from customers	2,795	(312)	2,483
Shareholders' equity			
Deficit	12,300	39	12,339

(Unit: Million Baht)

	Consolidated financial statements		
	Previous	Increase	
	accounting policy	(decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Revenue from sales of land and houses and residential condominium units	157	312	469
Gain on disposal of investment in subsidiary	64	(29)	35
Operating gain of subsidiary disposed during the year	74	2	76
Costs of sales of land and houses and residential condominium units	93	328	421
Selling expenses	1,022	48	1,070
Administrative expenses	1,391	8	1,399
Income tax	130	(14)	116
Loss for the year	2,336	85	2,421
Loss attributable to:			
Equity holders of the Company	2,336	85	2,421
Earnings per share (Baht):			
Basic earnings per share			
Loss attributable to equity holders of the Company	(0.1789)	(0.0068)	(0.1857)

(Unit: Million Baht)

	Separate financial statements		
	Previous	Increase	
	accounting policy	(decrease)	TFRS 15
Statement of financial position			
Assets			
Cost to obtain contracts with customers	-	98	98
Deferred tax assets	318	(19)	299
Shareholders' equity			
Deficit	13,231	79	13,310

(Unit: Million Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Administrative expenses	540	1	541
Income tax	138	-	138
Loss for the year	6,126	1	6,127
Loss attributable to:			
Equity holders of the Company	6,126	1	6,127
Earnings per share (Baht):			
Basic earnings per share			
Loss attributable to equity holders of the Company	(0.4697)	(0.0001)	(0.4698)

The nature of these adjustments are described below:

- Revenue from sales of residential condominium units - a subsidiary has determined the whole portion of revenue from sales of residential condominium unit as revenue when the ownership of assets has already been transferred to customers.
- Commission paid to obtain a contract with customer - the Group has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Group immediately recorded commission as selling expenses when the transaction occurred.

5. Significant accounting policies

5.1 Revenue recognition

Revenue from sales of land and houses and residential condominium units

Revenue from sale of land and houses and residential condominium units is recognised at the point in time when control of the land and houses and residential condominium units is transferred to the customer, generally upon transfer of the legal ownership. Revenue from sale of real estate is measured at the amount of the consideration received after deducting discounts and considerations payable to the customer. The terms of payment are in accordance with the payment schedule specified in the customer contract. Considerations received before transferring control of the real estate to the customer are presented under the caption of "Advances and deposits received from customers" in the statement of financial position.

Revenue from sales of merchandises, foods and beverages

Revenue from sale of merchandises, foods and beverages is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

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, in accordance with rates as stipulated in the contract, excluding value added tax.

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

Cost of sale 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.

Related selling expenses such as specific business tax and transfer fees are recognised as expenses when the sale occurs.

5.3 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.

5.4 Trade and other receivables

Trade and other receivables 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.

5.5 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.

5.6 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 costs, design fees, utilities, construction costs, capitalised borrowing costs and other related expenses, including the estimated cost of real estate development.

The Group recognises losses on diminution in value of projects (if any) in profit or loss.

5.7 Cost to obtain a contract

The Group recognises a commission paid to obtain a customer contract as an asset and amortises it to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of the consideration that the entity expects to receive less direct costs.

5.8 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 subsidiaries 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.

5.9 Rights of use assets

Rights of 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 the straight-line basis over agreements for the period of 37 months and 44 months and included in determining income.

5.10 Investment properties

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

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

Crystal lagoon	- 5 - 50 years
Electrical, mechanical and plumbing works	- 20 years
Interior decoration and landscape	- 5 years

Depreciation of the investment properties is included in determining income.

On disposal of investment properties, 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.

5.11 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 Group, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus 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 Group, 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 "Revaluation surplus 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:

Crystal lagoon	- 5 - 50 years
Leasehold improvements	- 2 - 20 years
Furniture, fixtures and equipment	- 2 - 10 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.

5.12 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.

5.13 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
Design software	20 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.

5.14 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 Group that is expected to benefit from the synergies of the combination. The Group estimates 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.

5.15 Related party transactions

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

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

5.16 Long-term leases

Leases of 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.

5.17 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.

5.18 Impairment of assets

At the end of each reporting period, the Group performs 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 Group 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 Group 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 Group estimates 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.

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

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides 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 Group recognises restructuring-related costs.

5.20 Provisions

Provisions are recognised when the Group has 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.

5.21 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 Group recognises 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 Group reviews and reduces 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.22 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 Group applies 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 Group measures 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 Group determines 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.

6. 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 investments

The Group treats 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.

Investment properties and property, plant and equipment/Depreciation

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

The Group measures 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 19.

In addition, the management is required to review investment properties 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 Group has contingent liabilities as a result of litigation. The management of the Group 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.

7. Related party transactions

During the years, the Group 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		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	310	488	MLR plus 3% per annum, 5% per annum, 5.25% per annum, 5.5% per annum and 7.5% per annum
Management fee income	-	-	2	52	Contract price
Cost of interior service ⁽¹⁾	-	-	10	6	Contract price
Other expenses	-	-	-	1	As agreed and contract price
Interest expenses	-	-	142	174	1.75% per annum, 3% per annum and 5% per annum
<u>Transactions with joint ventures</u>					
Interest income	-	30	-	30	7.5% per annum
Management fee income	-	3	-	3	As agreed and contract price
Other expenses	-	9	-	4	Contract price
Interest expenses	-	9	-	-	7.5% per annum
<u>Transactions with related companies, director and shareholder of the Group</u>					
Revenue from sales of foods and beverages					
beverages	-	1	-	-	As agreed
Interior service income	1	-	-	-	As agreed
Interest income	2	2	2	-	5.5% per annum
Gain on debt deduction	19	-	-	-	Contract price
Other expenses	21	26	-	-	As agreed and contract price

⁽¹⁾ included in cost of real estate development for sales.

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivables - related parties</u>					
(Note 10)					
Trade receivables					
Related companies		87,247	87,337	-	-
Related person - the director of the Group		442	410	-	-
Total		87,689	87,747	-	-
Less: Allowance for doubtful accounts		(82,391)	(82,391)	-	-
Total		5,298	5,356	-	-
Other receivables					
Subsidiaries		-	-	86,704	79,312
Related company		2,432	2,755	-	-
Total		2,432	2,755	86,704	79,312
Less: Allowance for doubtful accounts		-	-	(8,453)	-
Total		2,432	2,755	78,251	79,312
Advance payments					
Subsidiaries		-	-	29,147	113,318
Total		-	-	29,147	113,318
Less: Allowance for doubtful accounts		-	-	(20,581)	-
Total		-	-	8,566	113,318
Total trade and other receivables - related parties		7,730	8,111	86,817	192,630
<u>Advance payments for construction to</u>					
<u>a subsidiary</u>					
Subsidiary		-	-	158,544	153,194
Total advance payments for construction to					
a subsidiary		-	-	158,544	153,194

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Accrued management fee income from</u>					
<u>subsidiaries</u>					
Subsidiaries		-	-	321,702	321,702
Total accrued management fee income from related parties		-	-	321,702	321,702
<u>Trade and other payables - related parties</u>					
(Note 24)					
Trade payable					
Subsidiary		-	-	15,166	6,734
Total		-	-	15,166	6,734
Other payables					
Subsidiaries		-	-	20,113	19,345
Related companies		25,402	29,888	10	10
Related person - the Group's director		40,408	9,880	1,333	-
Related person - the Group's shareholder		9,631	-	9,631	-
Total		75,441	39,768	31,087	19,355
Total trade and other payables - related parties		75,441	39,768	46,253	26,089
<u>Advances and deposits received from</u>					
<u>customers - related parties</u>					
Related company		-	4,164	-	-
Related persons - the Group's directors		42,727	40,327	42,727	40,327
Related person - the Group's shareholder		327	327	327	327
Total advances and deposits received from customers - related parties		43,054	44,818	43,054	40,654

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

As at 31 December 2019 and 2018, the balances of loans, interest receivables, and interest payables between the Company and those related parties and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance as at	Increase	Decrease		Balance as at
Long-term loans to related parties and interest receivables	31 December 2018	during the year	during the year	Translation adjustment	31 December 2019
<u>Related companies</u>					
Grovespark International Limited ⁽¹⁾	135,839	-	(83,489)	(5,728)	46,622
Fourteen Points Co., Ltd. ⁽²⁾	-	24,042	-	-	24,042
Mahanakhon Bespoke Tailoring Co., Ltd. ⁽²⁾	-	1,935	-	-	1,935
Promising Youth Ltd. ⁽²⁾ (Previously known as Verita MHK (Thailand) Ltd.)	-	13,500	-	-	13,500
Total long-term loans to related parties and interest receivables	135,839	39,477	(83,489)	(5,728)	86,099

(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at	Increase	Decrease	Unrealised	Balance as at
Long-term loans to related parties and interest receivables	31 December 2018	during the year	during the year	loss from exchange rate	31 December 2019
<u>Subsidiaries</u>					
Pace Project Two Co., Ltd. ^{(3)*}	334,576	14,311	(25,431)	-	323,456
Less: Allowance for doubtful accounts	-	(323,456)	-	-	(323,456)
Pace Real Estate Co., Ltd. ^{(3)*}	489,923	1,745	-	-	491,668
Less: Allowance for doubtful accounts	(489,923)	(1,745)	-	-	(491,668)
Pace Food Retail Co., Ltd. ^{(3)*}	3,961,419	1,207,860	(640,523)	-	4,528,756
Less: Allowance for doubtful accounts	(1,965,157)	-	671,618	-	(1,293,539)
YLP Co., Ltd. ^{(5)***}	209,207	41,423	(250,630)	-	-
Pace Country Club Co., Ltd. ^{(3)*}	626,052	93,838	-	-	719,890
Pace Interior Services Co., Ltd. ^{(3)*}	79,103	8,775	-	-	87,878
Dean & DeLuca Asia (Thailand) Co., Ltd. ^{(4)*}	41,107	4,883	(38,893)	-	7,097
Dean & DeLuca, Inc. ^{(6)*}	2,824,751	153,750	-	(202,192)	2,776,309
Less: Allowance for doubtful accounts	-	(2,776,309)	-	-	(2,776,309)
Pace Project One Co., Ltd. ^{(7)*}	228,976	7,914	(26,459)	-	210,431
Less: Allowance for doubtful accounts	-	(210,431)	-	-	(210,431)
Total	6,340,034	(1,777,442)	(310,318)	(202,192)	4,050,082

(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Unrealised loss from exchange rate	Balance as at 31 December 2019
Long-term loans to related parties and interest receivables					
<u>Related companies</u>					
Fourteen Points Co., Ltd. ⁽²⁾	-	24,042	-	-	24,042
Mahanakhon Bespoke Tailoring Co., Ltd. ⁽²⁾	-	1,935	-	-	1,935
Promising Youth Ltd. ⁽²⁾ (Previously known as Verita MHK (Thailand) Ltd.)	-	13,500	-	-	13,500
Total	-	39,477	-	-	39,477
Total long-term loans to related parties and interest receivables	6,340,034	(1,737,965)	(310,318)	(202,192)	4,089,559

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Short-term loans from related person				
The Group's director ⁽⁸⁾	85,667	717	(83,489)	717
Total short-term loans from related person	85,667	717	(83,489)	717

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Long-term loans from subsidiaries and interest payables				
Pace Project Three Co., Ltd. ^{(9)**}	8,316,159	143,682	(4,495)	8,455,346
Pace Management Co., Ltd. ^{(7)**}	-	615	-	615
Total long-term loans from subsidiaries and interest payables	8,316,159	144,297	(4,495)	8,455,961

(1) No carrying interest.

(2) Clean loan, carrying interest at a rate of 5.5 percent per annum and will be due within 24 January 2021.

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

(4) Clean loan, carrying interest at rates of 5.5 percent and 7.5 percent per annum and will be due at call.

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

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

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

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

(9) Clean loan, carrying interest at rates of 1.75 percent and 3 percent per annum and will be due at call.

- * As at 31 December 2019 and 2018, the Company has confirmed that it will not call the loans within 12 months. Hence, the Company presented the loans, as a part of “Long-term loans to related parties and interest receivables”.
- ** As at 31 December 2019 and 2018, subsidiaries have confirmed that they will not call the loans within 12 months. Hence, the Company presented the loans, as “Long-term loans from subsidiaries and interest payables”.
- *** Repayment to the Company amounting to Baht 131 million was received during the year and Baht 120 million was transferred to short-term loans to other company and interest receivables due to disposal of investment in subsidiary this year. (Note 11)

Directors and management's benefits

During the year ended 31 December 2019 and 2018, the Group had employee benefit expenses payable of their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	47,517	51,832	39,271	48,114
Post-employment benefits	3,472	787	3,024	785
Other long-term benefits	61	69	58	69
Total	<u>51,050</u>	<u>52,688</u>	<u>42,353</u>	<u>48,968</u>

Guarantee obligations with related parties

The Group has outstanding guarantee obligations among the Group, as described in Note 22, Note 25 and Note 37.4 a) to the consolidated financial statements.

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	2,517	6,039	37	160
Bank deposits	271,081	1,272,019	12,736	839,769
Total cash and cash equivalents	<u>273,598</u>	<u>1,278,058</u>	<u>12,773</u>	<u>839,929</u>

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.10 and 0.38 percent per annum (2018: between 0.38 and 0.40 percent per annum).

9. Current investments

(Unit: Thousand Baht)

Consolidated and separate
financial statements

	<u>2019</u>	<u>2018</u>
Investments in trading security		
Investments in open-end fixed income fund	-	6,785
Add: Unrealised gain on changes in value of trading security	-	148
Total current investments	-	6,933

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

(Unit: Thousand Baht)

Consolidated and separate
financial statements

	<u>2019</u>	<u>2018</u>
Net book value at beginning of the year	6,933	9,846
Disposal during the year	(6,933)	(2,940)
Unrealised gain on changes in value of trading security	-	27
Net book value at end of the year	-	6,933

During the year, the Company realised gain on trading security and unrealised gain on changes in value of trading security as follows:

(Unit: Thousand Baht)

Consolidated and separate
financial statements

	<u>2019</u>	<u>2018</u>
Realised gain on trading security	38	60
Unrealised gain on changes in value of trading security	-	27
Net	38	87

10. Trade and other receivables

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statements	financial statements
		<u>2019</u>	<u>2018</u>
		<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties</u>			
Aged on the basis of due dates			
Not yet due	-	39	-
Past due			
Up to 3 months	15	109	-
3 - 6 months	-	25	-
6 - 12 months	54	11,530	-
Over 12 months	87,620	76,044	-
Total	87,689	87,747	-
Less: Allowance for doubtful accounts	(82,391)	(82,391)	-
Total trade receivables - related parties, net	5,298	5,356	-
<u>Trade receivables - unrelated parties</u>			
Aged on the basis of due dates			
Not yet due	25,617	199,298	-
Past due			
Up to 3 months	4,930	12,699	-
3 - 6 months	5,130	309	-
6 - 12 months	7,415	2,983	-
Over 12 months	10,218	1,280	-
Total	53,310	216,569	-
Unbilled trade receivables	23,520	15,788	-
Total	76,830	232,357	-
Less: Allowance for doubtful accounts	(182)	(173)	-
Total trade receivables - unrelated parties, net	76,648	232,184	-
Total trade receivables - net	81,946	237,540	-
<u>Other receivables</u>			
Other receivables - related parties	2,432	2,755	78,251
Other receivables - unrelated parties	68,664	46,430	8,966
Advance payments - related parties	-	-	8,566
Accrued income	330,000	600,000	330,000
Total other receivables	401,096	649,185	425,783
Total trade and other receivables - net	483,042	886,725	425,783

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 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. The outstanding balance amounted Baht 184 million as at 31 December 2018. Subsequently, during January 2019, PP2 fully received the payment of the remaining balance.

11. Short-term loans to other persons and other companies and interest receivables

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	1,213	-
Add: Additions	5,756	1,881
Transferred from long-term loans to related parties and interest receivables (Note 7)	120,125	120,125
Less: Repayment	(2,010)	(2,000)
Balance as at 31 December 2019	125,084	120,006

As at 31 December 2019, the Company had unsecured and call loans to other company amounting to Baht 0.7 million, carrying interest at a rate of 5.50 per annum. Moreover, as a result of the sale of investment in YLP Co., Ltd. (“YLP”) transaction as described in Note 15.1.3 to the consolidated financial statements, the status of YLP changed from the Company’s subsidiary to other company from 7 November 2019. Hence, the Company transferred the unsecured and call loans to YLP consisting of several promissory notes totaling Baht 102 million, with interest receivables amounting to Baht 18 million, as “Short-term loans to other persons and other companies and interest receivables”. The loans carried interest at the rates of 5.00, 5.25 and 7.50 percent per annum.

As at 31 December 2019, a subsidiary had unsecured short-term loans to other persons of Baht 3 million and Baht 2 million, no carrying interest and interest carried at a rate of 5.00 percent per annum, respectively, and will be due at call.

12. Inventories

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Inventories in interior service business	74,362	66,921
Inventories in retailer of premium gourmet and delicatessen	14,263	100,852
Total	88,625	167,773

13. Cost of real estate development for sales

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and construction developed	3,854,144	4,271,196	3,268,915	3,264,704
Land and construction under development	4,238,985	5,454,266	4,238,985	4,326,547
Total cost of real estate development for sales	8,093,129	9,725,462	7,507,900	7,591,251
Less: Reduce cost to net realisable value	(47,800)	(169,100)	(15,100)	(124,100)
Net	8,045,329	9,556,362	7,492,800	7,467,151

On 18 December 2019, the Company entered into an agreement transferring asset to settle debt payable to a bank (“the Bank”). The Company settled such debt with its land in an overseas project (“Transferred asset”) which was pledged to the Bank as a collateral for the credit facilities amounting to Baht 1,800 million and USD 13.5 million. Such Transferred asset was appraised at the value of USD 17.5 million for the settlement of loans, under such credit facilities, totaling USD 15.2 million and the settlement of any debt relating to Transferred asset totaling USD 2.3 million. Subsequently, on 23 December 2020, the Company entered into the agreement transferring ownership of Transferred asset with the Bank, which also entered into an agreement selling such asset to the purchaser, and settled the loans amounting to USD 15.2 million or equivalent to Baht 462 million, as described in Note 22 to the consolidated financial statements. As a result of the transaction, the Company recognised loss on transfer of asset for debt settlement amounting to Baht 118 million and reversed loss on declining in value of land and related design fee totaling Baht 109 million. The Company therefore presented the loss net with the reversal separately under “Loss on transfer of asset for debt settlement” amounting to Baht 9 million in the consolidated and separate statements of comprehensive income for the year ended 31 December 2019.

During the year, the Group 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Borrowing costs included in cost of real estate development for sales (Million Baht)	124	174	85	145
Capitalisation rate (Percent)	5.00 - 7.50	5.00 - 7.50	6.20	6.15 - 6.98

As at 31 December 2019 and 2018, the Group has mortgaged its land and constructions thereon in the projects for short-term loans, long-term loans and credit facilities from financial institutions of the Group as below.

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value (Million Baht)	8,045	9,556	7,493	7,467

Reversal of cost to net realisable value were as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reversal from sales	121	28	109	-

(Unit: Million Baht)

14. Cost to obtain contracts with customers

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	-	-	-	-
Effects of changes in accounting policies (Note 4)	155,101	-	99,420	-
Decrease	(10,164)	-	(1,298)	-
Decrease from disposal of investment in subsidiary (Note 15.1.3)	(36,417)	-	-	-
Net book value at ending of year	108,520	-	98,122	-

(Unit: Thousand Baht)

15. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Investments in subsidiaries - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			(%)	(%)						
YLP Co., Ltd.	170,000	170,000	-	100	-	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 Management Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000	-	-	1,000	1,000
Pace Food Retail Co., Ltd.	3,135,120	2,551,450	100	100	3,135,120	2,551,450	(3,135,120)	(2,551,450)	-	-
Pace Real Estate Co., Ltd.	10,814	10,814	100	100	19,972	19,972	(19,972)	(19,972)	-	-
Pace Project One Co., Ltd.	392,100	392,100	74.50	74.50	388,779	388,779	(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	74.36	9,300,576	9,300,576	(1,119,138)	(1,119,138)	8,181,438	8,181,438
Total					<u>13,081,016</u>	<u>12,667,346</u>	<u>(4,858,578)</u>	<u>(4,274,908)</u>	<u>8,222,438</u>	<u>8,392,438</u>

The subsidiaries did not declare any dividend during the years.

As at 31 December 2019 and 2018, all shares of Pace Project Two Co., Ltd., Pace Food Retail Co., Ltd. (excluding additional shares issued during 2019 and 2018), Pace Country Club Co., Ltd., Dean & DeLuca Asia (Thailand) Co., Ltd. (excluding additional shares issued during 2019 and 2018) and Dean & DeLuca, Inc. held by the Group were pledged as collateral for credit facilities of the Group, as described in Note 25 to the consolidated financial statements.

As at 31 December 2018, all shares of YLP Co., Ltd. held by the Company were pledged as collateral against a subsidiary's long-term loans from other companies. Subsequently, during the current year the Company disposed all of the shares, as described in Note 15.1.3 and Note 27 to the consolidated financial statements.

15.1 Subsidiaries directly owned by the Company

15.1.1 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 was 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 shares in PP1 and PP3 for a total amount not exceeding USD 320 million or Baht 10,000 million.

PP1 and PP3 received Baht 12,781 million from King Power Mahanakhon Co., Ltd. and transferred the assets on 10 April 2018. On the same date, 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 shares 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 the assets disposal and shares acquisition 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.

Separate financial statements

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 doubtful accounts of the loans to PP1 amounting to Baht 1,634 million. The Company 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.

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

On 15 July 2019, the Extraordinary General Meeting of PFR’s shareholders passed a resolution to approve an increase in its registered share capital from Baht 2,551 million (25,514,500 ordinary shares with a par value of Baht 100 each) to Baht 3,351 million (33,514,500 ordinary shares with a par value of Baht 100 each), by issuing 8,000,000 new ordinary shares with a par value of Baht 100 each. PFR registered the increase of its share capital with the Ministry of Commerce on 22 July 2019. The Company purchased all of newly-issued ordinary shares and as a result, its shareholding in PFR remains at 100 percent. During the current year, the Company paid the shares of Baht 584 million, equivalent to 73 percent of the newly-issued ordinary shares.

15.1.3 YLP Co., Ltd. (“YLP”)

On 7 November 2019, the Company and Pace Food Retail Co., Ltd. entered into the Settlement Agreement with The Brooker Group Public Company Limited (“Brooker”) and MCL Property Company Limited (“MCL”) (collectively referred to as “purchasers”) to dispose of 1,699,998 ordinary shares it held in YLP for a total of Baht 349 million, in accordance with the resolution of the Company’s Board of Directors Meeting No.16/2019. The purpose of the disposal was to fund settlement of the long-term loans and interest payables under the loan agreements between PFR and the purchasers, for which the Company, as a guarantor, had pledged these ordinary shares as security as described in Note 27 to the consolidated financial statements. Details of the disposal are as follows:

- a) 1,257,599 ordinary shares with a par value of Baht 100 per share were sold to Brooker for a total of Baht 256.2 million.
- b) 441,999 ordinary shares with a par value of Baht 100 per share were sold to MCL for a total of Baht 92.3 million.

On the same day, the Company transferred all of these ordinary shares to the purchasers. Therefore, the Company has not included the financial statement of YLP in the consolidated financial statements since 7 November 2019. The Company transferred the deficit from business combination under common control amounting to Baht 61 million to deficit and presented it as “Effect from disposal of investment in subsidiary” in the consolidated statement of changes in shareholders’ equity for the year ended 31 December 2019.

Details of the disposal of investment in subsidiary at the date of disposal are as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Cash flow received from disposal of investment in subsidiary	348,568	348,568
Less : Net assets/net investment cost of YLP	(313,837)	(170,000)
Gain on disposal of investment in subsidiary	34,731	178,568

Details of assets and liabilities relating to YLP at the date of disposal are as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Assets		
Cash and cash equivalents	29,448	-
Other receivables	2,635	-
Cost of real estate development for sales	1,367,992	-
Advance payments for construction	7,298	-
Cost to obtain contracts with customers (Note 14)	36,417	-
Other current assets	115	-
Restricted bank deposits	30,000	-
Investment in subsidiary (Note 15)	-	170,000
Equipment (Note 19)	2,196	-
Other non-current assets	2,466	-
Total assets	1,478,567	170,000

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Liabilities		
Short-term loans from other companies and interest payables		
(Note 7 and Note 23)	190,076	-
Trade and other payables	78,283	-
Advances and deposits received from customers	156,510	-
Other current liabilities	6,569	-
Long-term loans from financial institution (Note 25)	686,179	-
Deferred tax liabilities	7,261	-
Provision for long-term employee benefits (Note 28)	113	-
Other non-current liabilities	39,739	-
Total liabilities	1,164,730	-
Net assets	313,837	170,000

15.2 Subsidiaries indirectly owned by the Company

15.2.1 MahaNakhon Observatory and Retail Co., Ltd. (“MO&R”) (Subsidiary held by Pace Project Three Co., Ltd.)

On 23 November 2018, the Extraordinary General Meeting of MO&R’s shareholders 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.

15.2.2 Dean and DeLuca (Asia) Thailand Co., Ltd. (“DDAT”) (Subsidiary held by Pace Food Retail Co., Ltd.)

On 15 July 2019, the Extraordinary General Meeting of the DDAT’s shareholders passed a resolution to approve an increase in its registered share capital from Baht 607 million (6,072,000 ordinary shares with a par value of Baht 100 each) to Baht 1,407 million (14,072,000 ordinary shares with a par value of Baht 100 each), by issuing 8,000,000 new ordinary shares with a par value of Baht 100 each. DDAT registered the increase of its share capital with the Ministry of Commerce on 22 July 2019. PFR purchased all of newly-issued ordinary shares and as a result, its shareholding in DDAT remains at 100 percent. During the current year, PFR paid the shares of Baht 584 million, equivalent to 73 percent of the newly-issued ordinary shares.

15.2.3 Dean & DeLuca International (Singapore) Pte Ltd. (“DDIS”) (Subsidiary held by Pace Food Retail Co., Ltd.)

On 25 September 2019, the Company’s Board of Directors Meeting passed a resolution to grant approval to PFR to establish DDIS to facilitate the restructure and business expansion. The subsidiary registered its incorporation on 27 September 2019 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. PFR invested USD 100 in ordinary shares of DDIS, representing 100 percent of DDIS’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 DDIS in the consolidated financial statements as from 27 September 2019.

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

On 5 October 2018, the Extraordinary General Meeting of DDAP’s shareholders passed a special resolution approving the dissolution. DDAP registered its dissolution with the Ministry of Commerce on 17 October 2018, and the completion of liquidation was registered on 20 November 2019. DDAT received a refund of Baht 43 million as a result of this dissolution. The Company transferred the deficit from the change in the ownership interests in subsidiary amounting to Baht 4 million to deficit and presented it as “Effect from liquidation of subsidiary” in the consolidated statement of changes in shareholders’ equity for the year ended 31 December 2019.

16. Investment in joint venture

Investment in joint venture represents investment in entity which was jointly controlled by a subsidiary and other company. Details of the investment are as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(%)	(%)				
Joint venture registered in Japan						
Dean & DeLuca Café Japan Co., Ltd.	-	50	-	332,200	-	262,604
Less: Assets held for sale			-	(332,200)	-	(262,604)
Total investment in joint venture			-	-	-	-

On 14 February 2019, the Company's Board of Directors' Meeting passed a resolution to approve the sale of all Dean & DeLuca Café Japan Co., Ltd. ("DDCJ")'s ordinary shares held by Dean & DeLuca International, LLC. ("DDI") to a co-investor at a price not less than USD 10 million, equivalent to Baht 311 million. Subsequently, on 15 February 2019, DDI entered into the Preliminary Share Purchase Agreement to sell all shares it held in 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 28 February 2019, DDI entered into the Share Purchase Agreement with the purchaser, and on the same month, DDI received the balance of the payment of USD 9 million and transferred shares to the purchaser.

As a result of such transactions, the Company recognised gain on sale of investment in joint venture of Baht 36 million and presented as "Gain on disposal of investment in joint venture" in the consolidated statement of comprehensive income for the year ended 31 December 2019.

17. Right-of-use assets

The net book value of right-of-use assets as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Cost:	
1 January 2018	20,493
31 December 2018	20,493
31 December 2019	20,493
Accumulated amortisation:	
1 January 2018	4,371
Amortisation for the year	5,879
31 December 2018	10,250
Amortisation for the year	5,878
31 December 2019	16,128
Net book value:	
31 December 2018	10,243
31 December 2019	4,365

This amount represents the right-of-use assets of the subsidiary in connection with the sale operations of food and beverage at the Suvarnabhumi Airport for the period of 3 years 8 months and 3 years 1 month, 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.

18. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Separate financial statements			
	Land	Crystal lagoon	Sports club under construction	Total
31 January 2019:				
Cost	276,680	346,593	51,964	675,237
Less: Accumulated depreciation	-	(30,839)	-	(30,839)
Net book value	276,680	315,754	51,964	644,398
31 December 2018:				
Cost	276,680	346,593	51,964	675,237
Less: Accumulated depreciation	-	(23,140)	-	(23,140)
Net book value	276,680	323,453	51,964	652,097

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Separate financial statements	
	2019	2018
Net book value at beginning of year	652,097	659,811
Depreciation charged	(7,699)	(7,714)
Net book value at end of year	644,398	652,097

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 investment properties as collateral against long-term loans from a financial institution of the Group with net book value of Baht 644 million (2018: Baht 652 million), as described in Note 25 to the consolidated financial statements.

The Company tested the investment properties for impairment loss. Realisable values are determined based on estimates of the cash flows expected to be realised from the assets, taking into account factors such as future business plans, growth rate, gross profit margin, and discount rate. These factors are significant because changes in them will affect the net realisable values of the assets.

19. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation						
	basis	Cost basis					
				Furniture,		Assets under	
		Crystal	Leasehold	fixtures and	Motor	installation and	
	Land	lagoon	improvements	equipment	vehicles	construction	Total
Cost/ Revalued amount:							
1 January 2018	547,030	521,797	415,783	372,259	41,116	1,959,675	3,857,660
Additions	-	-	864	24,822	1,283	294,994	321,963
Disposals/write-off	-	-	(148,997)	(63,549)	(1,294)	(27,105)	(240,945)
Transfers	-	-	-	1,394	-	(1,686)	(292)
Translation adjustment	-	-	(1,488)	(1,218)	(4)	(2,362)	(5,072)
31 December 2018	547,030	521,797	266,162	333,708	41,101	2,223,516	3,933,314
Additions	-	-	26,248	3,527	-	245,679	275,454
Disposals/write-off	-	-	(152,186)	(199,271)	(2,740)	(140,864)	(495,061)
Decrease from disposal of investment							
in subsidiary (Note 15.1.3)	-	-	(2,165)	(418)	(9,590)	-	(12,173)
Transfers	-	-	53,424	120,790	(1,674)	(172,540)	-
Transfer out to cost of real estate							
development for sales	-	-	-	-	-	(568)	(568)
Transfer out to intangible assets							
(Note 20)	-	-	-	(58)	-	(466,655)	(466,713)
Translation adjustment	-	-	(4,819)	(6,598)	(124)	(40,774)	(52,315)
31 December 2019	547,030	521,797	186,664	251,680	26,973	1,647,794	3,181,938
Accumulated depreciation:							
1 January 2018	-	25,485	139,916	153,253	24,459	-	343,113
Depreciation for the year	-	12,748	44,111	68,267	7,778	-	132,904
Depreciation on disposals/write-off	-	-	(99,995)	(58,405)	(1,294)	-	(159,694)
Translation adjustment	-	-	(780)	(457)	-	-	(1,237)
31 December 2018	-	38,233	83,252	162,658	30,943	-	315,086
Depreciation for the year	-	12,735	38,962	52,939	4,821	-	109,457
Depreciation on disposals/write-off	-	-	(23,456)	(49,284)	(2,590)	-	(75,330)
Decrease from disposal of investment							
in subsidiary (Note 15.1.3)	-	-	(975)	(298)	(8,704)	-	(9,977)
Transfers	-	-	-	1,007	(1,007)	-	-
Transfer out to cost of real estate							
development for sales	-	-	-	(38)	-	-	(38)
Translation adjustment	-	-	(854)	(3,313)	(109)	-	(4,276)
31 December 2019	-	50,968	96,929	163,671	23,354	-	334,922

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation					
	basis	Cost basis				
		Crystal	Leasehold	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and construction
	Land	lagoon	improvements			Total
Allowance for impairment loss:						
1 January 2019	-	-	1,970	-	-	1,970
Increase during the year	-	-	32,485	12,051	-	179,095
Decrease during the year	-	-	(1,970)	-	-	(1,970)
Translation adjustment	-	-	(932)	(346)	-	(5,140)
31 December 2019	-	-	31,553	11,705	-	173,955
Net book value:						
31 December 2018	547,030	483,564	180,940	171,050	10,158	3,616,258
31 December 2019	547,030	470,829	58,182	76,304	3,619	2,673,061
Depreciation for the year						
2018 (Baht 4 million included in construction cost, and the balance in selling and administrative expenses)						132,904
2019 (Baht 2 million included in construction cost, and the balance in selling and administrative expenses)						109,457

(Unit: Thousand Baht)

Separate financial statements

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and construction	Total
Cost:					
1 January 2018	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
Additions	-	3	-	-	3
Disposals/write-off	(5,728)	(5,602)	-	-	(11,330)
31 December 2019	17,554	35,749	19,379	-	72,682
Accumulated depreciation:					
1 January 2018	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
Depreciation for the year	3,090	6,075	2,585	-	11,750
Depreciation on disposals/write-off	(5,728)	(5,286)	-	-	(11,014)
31 December 2019	15,726	28,217	17,364	-	61,307

(Unit: Thousand Baht)

	Separate financial statements			
	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and construction
				Total
Net book value:				
31 December 2018	4,918	13,920	4,600	-
31 December 2019	1,828	7,532	2,015	-
Depreciation for the year				
2018 (included in selling and administrative expenses)				15,800
2019 (included in selling and administrative expenses)				11,750

The Group arranged for an independent professional valuer to appraise the value of land in 2019 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 2019 and 2018 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2019	2018
Land	284,506	284,506

As at 31 December 2019, the Group had vehicles and equipment with net book value of Baht 2 million (2018: Baht 5 million) (The Company only: Baht 2 million, 2018: Baht 5 million) which were acquired under finance lease agreements.

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 149 million (2018: Baht 121 million) (The Company only: Baht 26 million, 2018: Baht 17 million).

The Group has mortgaged its land and construction as collateral against the Group's credit facilities received from financial institution with net book value of Baht 2,533 million (2018: Baht 2,400 million), as described in Note 25 to the consolidated financial statements.

The Group tested the sports club project in progress which consisted of land, crystal lagoon and assets under construction for impairment loss. Realisable values are determined based on estimates of the cash flows expected to be realised from the assets, taking into account factors such as future business plans, growth rate, gross profit margin, and discount rate. These factors are significant because changes in them will affect the net realisable values of the assets.

20. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements							
	Trademark and trade name	Non- competition agreements	Franchise agreements	Customer relationships	Computer softwares	Design software	Advance for purchase intangible assets	Total
Cost:								
1 January 2018	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
Additions	-	-	-	-	681	-	1,344	2,025
Disposal/write-off	-	-	-	-	(2,224)	-	-	(2,224)
Transfer from property, plant and equipment (Note 19)	-	-	-	-	58	466,655	-	466,713
Translation adjustment	(121,459)	(246)	(41,609)	(6,676)	(4,497)	(13,395)	-	(187,882)
31 December 2019	1,595,297	3,226	559,311	87,688	75,950	453,260	1,344	2,776,076
Accumulated amortisation:								
1 January 2018	-	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
Amortisation for the year	-	-	58,364	-	3,901	23,333	-	85,598
Amortisation on disposals/ write-off	-	-	-	-	(2,064)	-	-	(2,064)
Transfer from property, plant and equipment (Note 19)	-	-	-	-	38	-	-	38
Translation adjustment	-	(246)	(23,267)	(6,676)	(4,217)	(670)	-	(35,076)
31 December 2019	-	3,226	351,820	87,688	70,091	22,663	-	535,488

(Unit: Thousand Baht)

Consolidated financial statements

	Trademark and trade name	Non- competition agreements	Franchise agreements	Customer relationships	Computer softwares	Design software	Advance for purchase intangible assets	Total
Allowance for impairment loss:								
1 January 2018	-	-	140,842	-	-	-	-	140,842
Translation adjustment	-	-	(821)	-	-	-	-	(821)
31 December 2018	-	-	140,021	-	-	-	-	140,021
Increase during the year	-	-	-	-	2,617	-	-	2,617
Translation adjustment	-	-	(9,906)	-	(75)	-	-	(9,981)
31 December 2019	-	-	130,115	-	2,542	-	-	132,657
Net book value:								
31 December 2018	1,716,756	-	144,176	-	9,499	-	-	1,870,431
31 December 2019	1,595,297	-	77,376	-	3,317	430,597	1,344	2,107,931

(Unit: Thousand Baht)

Separate
financial statements
Computer softwares

Cost:

1 January 2018	9,691
Additions	426
31 December 2018	10,117
Additions	417
31 December 2019	10,534

Accumulated amortisation:

1 January 2018	5,318
Amortisation for the year	2,168
31 December 2018	7,486
Amortisation for the year	1,149
31 December 2019	8,635

Net book value:

31 December 2018	2,631
31 December 2019	1,899

The Group tests trademark and trade name, franchise agreements and design software 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.

21. Goodwill

The net book value of goodwill as at 31 December 2019 and 2018 is presented below.

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		2019	2018
Net book value at beginning of year		2,444,339	2,551,225
Decrease from sales of assets		(7,298)	(92,684)
Translation adjustment		(171,422)	(14,202)
Net book value at end of year		2,265,619	2,444,339

The Group tests goodwill 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.

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

		(Unit: Thousand Baht)					
		Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018	2019	2018
Bank overdrafts		6.75 (MOR)	6.87 (MOR)	19,447	19,719	-	-
Short-term loans from financial institutions							-
In Thai Baht		5.00 - 5.50 (Fixed rate and MLR-0.75)	5.00 - 5.50 (Fixed rate and MLR-0.75)	1,983,540	2,715,032	1,983,540	2,445,532
In U.S. Dollars		3.06375 (LIBOR+1.5)	3.06375 (LIBOR+1.5)	301,540	324,498	-	-
Total				2,285,080	3,039,530	1,983,540	2,445,532
Less: Deferred front-end fee				-	(686)	-	-
Net				2,304,527	3,038,844	1,983,540	2,445,532
Total				2,304,527	3,058,563	1,983,540	2,445,532

The Group has mortgaged its land and constructions thereon of the Group's real estate development projects for sales as described in Note 13 to the consolidated financial statements and related persons' land for bank overdrafts and credit facilities.

As described in Note 1.2 to the consolidated financial statements, in October 2019, the Company received two Notices of Default dated 18 October 2019 and a Notice of Default dated 22 October 2019 for the additional outstanding debts from a local bank ("Bank"), relating to a number of credit facility agreements. These gave notice of the suspension of credit facilities and requested the Company to settle due outstanding debts and any obligations under such agreements, together totaling Baht 2,452 million, within 15 days of receipt of the notices, which was 4 November 2019. A subsidiary subsequently received a Notice of Default dated 21 October 2019 from the bank. This stated that since the amounts of the above defaulted debts were significant and the defaults constituted events of default under the cross default clauses of several credit facility agreements, the Bank therefore requested the subsidiary to make an early repayment of the outstanding amounts of Baht 19 million within 30 days after the date of the notice, which was 20 November 2019. Moreover, on 28 October 2019, another subsidiary received Notice of Claim under Standby Letter of Credit and Notice of Reimbursement under Standby Letter of Credit from the Bank, requesting the subsidiary to settle due outstanding debts to the Bank of USD 10 million, or equivalent to Baht 306 million, within 11 November 2019. The Company and the above subsidiaries recognised accrued interest expenses in full at the default interest rate of 15 percent per annum, as specified in the terms and conditions under the credit facilities agreements.

Subsequently, on 12 November 2019 and 25 November 2019, the Company and a subsidiary received three Notices of Default by Debtor from the Bank due to the Company and the subsidiary being guarantors for repayment of debt to guarantee the credit facilities granted in accordance with the credit facility agreements. The Bank requested the Company and the subsidiary to make the repayment within 15 days after the date of notices. The Company therefore recognised loss on guarantee of the subsidiary's loan of Baht 330 million under the "Provision for loss on guarantee of subsidiary's loans" in the statement of financial position as at 31 December 2019 and the statement of comprehensive income for the year then ended.

Subsequently, on 23 December 2019, the Company settled the short-term loans with the Bank amounting to USD 15.2 million or equivalent to Baht 462 million, as described in Note 13 to the consolidated financial statements.

Therefore, as at 31 December 2019, the Group had defaulted bank overdrafts and short-term loans from the bank totaling Baht 2,305 million (The Company only: Baht 1,984 million).

23. Short-term loans from other persons

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2019	176,873
Add: Additional borrowings	70,000
Issuance of bills of exchange	110,000
Amortisation of prepaid interest expenses	11,115
Less: Repayment	(95,000)
Prepaid interest expenses	(9,893)
Decrease from disposal of investment in subsidiary (Note 15.1.3)	(70,000)
Balance as at 31 December 2019	193,095

Short-term loans from other persons consist of unsecured bills of exchange totaling of Baht 165 million, maturing in January to May 2020, which are subject to interest at rates of 5.3 to 7.0 percent per annum, and promissory notes totaling of Baht 30 million, maturing in July and November 2020 that are subject to interest at a rate of 15.0 percent per annum, secured by assets of the Company's director.

In January 2020, a subsidiary redeemed a bill of exchange amounting to Baht 5 million. Subsequently, in April 2020, the subsidiary transferred bills of exchange totaling of Baht 145 million to debentures maturing in March and April 2021.

24. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payable - related party	-	-	15,166	6,734
Trade payables - unrelated parties	2,148,375	1,958,016	451,463	365,280
Other payables - related parties	75,441	39,768	31,087	19,355
Other payables - unrelated parties	244,450	181,596	142,210	101,334
Accrued interest expenses	382,639	40,707	303,524	13,322
Accrued expenses	304,939	305,407	119,340	43,313
Accrued construction cost	29,535	92,109	80	80
Total trade and other payables	<u>3,185,379</u>	<u>2,617,603</u>	<u>1,062,870</u>	<u>549,418</u>

During the year, a subsidiary negotiated with partners, a related party payable and other payable, to deduct the debt related to sponsorship of known events, as described in Note 37.2 b) to the consolidated financial statements. As a result of these negotiations, the subsidiary was granted USD 6 million debt deduction (equivalent to Baht 179 million) which the Company presented as “Gain on debt deduction” in the consolidated statement of comprehensive income for the year ended 31 December 2019.

25. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Currency	Loan facility (Million)	Consolidated		Separate	
					financial statements		financial statements	
					2019	2018	2019	2018
1	MLR - 0.5	Within 30 December 2019	Baht	1,762	1,761,662	1,756,457	1,761,662	1,756,457
2	MLR - 0.5	Within 30 December 2019	Baht	2,912	2,136,421	2,132,707	2,136,421	2,132,707
3	4	Within 30 December 2019	Baht	2,850	1,812,828	1,812,828	1,812,828	1,812,828
4	4	Within 30 December 2019	Baht	350	327,781	295,681	327,781	295,681
5	MLR - 0.5	Within 29 September 2020	Baht	1,090	-	200,736	-	-
6	MLR - 0.5	Within 30 September 2022	Baht	1,209	677,022	674,591	-	-
7	LIBOR + 4	Within 17 October 2019	US dollar	80	1,020,800	1,677,146	-	-
8	MLR - 1	Within 30 September 2019	Baht	80	-	11,150	-	-
9	5	Within 17 October 2019	Baht	3,000	191,934	282,534	-	-
Total					7,928,448	8,843,830	6,038,692	5,997,673
Less: Current portion					(7,928,448)	(8,062,657)	(6,038,692)	(5,997,673)
Long-term loans from financial institutions - net of current portion					-	781,173	-	-

Movements of the long-term loans from financial institutions account during the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	8,843,830	5,997,673
Add: Additional borrowings	720,600	32,100
Amortisation of front-end fee	12,320	8,919
Less: Repayment	(856,589)	-
Decrease from disposal of investment in subsidiary (Note 15.1.3)	(686,179)	-
Translation adjustment	(105,534)	-
Balance as at 31 December 2019	7,928,448	6,038,692

The Group's long-term loans are secured by the mortgage of land with construction thereon and condominium units in the Group's projects as described in Note 13, Note 18 and Note 19 to the consolidated financial statements and all shares of Pace Project Two Co., Ltd., Pace Food Retail Co., Ltd. (excluding additional shares issued during 2019 and 2018), Pace Country Club Co., Ltd., Dean & DeLuca Asia (Thailand) Co., Ltd. (excluding additional shares issued during 2019 and 2018) and Dean & DeLuca, Inc. held by the Group, as described in Note 15 to the consolidated financial statements, and joint guarantees provided by the Group and a director of the Company.

The loan agreements contain certain covenants which, among other things, require the Group to maintain certain financial ratios.

The Group had been granted several extensions of the debt repayment schedules of long-term loans from a bank ("Bank"). Subsequently, as described in Note 1.2 to the consolidated financial statements, in October 2019 a subsidiary received Notice of Default dated 18 October 2019 from the Bank relating to a credit facility agreement. This gave notice of the suspension of credit facility and requested the subsidiary to settle due outstanding debts and any obligations under such agreement, totaling Baht 245 million, within 15 days of receipt of the notice, which was 4 November 2019. The Group subsequently received two Notices of Default dated 21 October 2019 and Notice of Default dated 28 October 2019 from the Bank. These stated that since the amounts of the defaulted debts were significant and the defaults constituted events of default under the cross default clauses of several credit facility agreements, the Bank therefore requested the Group to make early repayment of the outstanding amounts totaling USD 34 million, or equivalent to Baht 1,039 million, within 5 days after the date of the notice and outstanding amounts totaling Baht 6,762 million within 30 days after the date of the notice, or within 4 November 2019 and 20 November 2019, respectively. The Company and the above subsidiaries recognised accrued interest expenses in full at the default interest rate of 15 percent per annum, as specified in the terms and conditions under the credit facilities agreements.

Subsequently, on 12 November 2019, the Company received Notice of Default by Debtor from the Bank due to the Company being guarantor for repayment of debt under agreement to guarantee the credit facility granted in accordance with this credit facility agreement. The Bank requested the Company to make repayment within 15 days after the date of notice. The Company therefore recognised loss on guarantee of subsidiary's loan of Baht 1,768 million under the "Provision for loss on guarantee of subsidiary's loans" in the statement of financial position as at 31 December 2019 and the statement of comprehensive income for the year then ended.

Therefore, as at 31 December 2019, the Group had defaulted long-term loans from the Bank totaling Baht 7,928 million (The Company only: Baht 6,039 million) presented under the "Current portion".

As at 31 December 2019, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 2,366 million (2018: Baht 3,299 million) (the Company only: Baht 1,835 million (2018: Baht 1,875 million)).

26. Debentures

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Debentures	1,291,116	1,252,666	(1,218,344)	1,213,829
Less: Current portion	72,772	(38,837)	-	-
Portion over one year but classified as				
current liabilities	(1,218,344)	(1,213,829)	(1,218,344)	(1,213,829)
Debentures - net of current portion	-	-	-	-

Movements of the debentures account during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	1,252,666	1,213,829
Add: Issuance of debentures	173,500	-
Amortisation of deferred debenture issuing fee	4,515	4,515
Amortisation of prepaid interest expenses	6,648	-
Less: Repayment	(140,000)	-
Prepaid interest expenses	(6,213)	-
Balance as at 31 December 2019	1,291,116	1,218,344

During the year, a subsidiary issued and offered the debentures in accordance with the resolution of the Extraordinary General Meeting of the subsidiary's shareholders on 14 December 2018, as detailed below.

Secured debentures	Unit	Unit par (Baht)	Total value (Baht)	Issue date	Term	Maturity Date	Coupon rate (% per annum)
No. 1	5,500	1,000	5,500,000	19 July 2019	185 days	20 January 2020	5
No. 2	18,000	1,000	18,000,000	3 December 2019	92 days	4 March 2020	8
No. 3	20,000	1,000	20,000,000	4 December 2019	91 days	4 March 2020	8
No. 4	10,000	1,000	10,000,000	12 December 2019	50 days	31 January 2020	7
No. 5	10,000	1,000	10,000,000	20 December 2019	49 days	7 February 2020	7
No. 6	10,000	1,000	10,000,000	27 December 2019	52 days	17 February 2020	7

The guarantee for the debentures is provided by a director of the Group. For the purpose of repayment, the subsidiary issued post-dated cheques to investors. At the time of redemption, the subsidiary agrees that the investors can cash such cheques without having to notify or demand the subsidiary to repay.

In March 2020, the subsidiary redeemed the debenture of Baht 3 million and in April 2020, the subsidiary was granted the extension of the maturity date of debentures totaling of Baht 70.5 million to be in April and June 2021.

The Company's debentures are unsubordinated and unsecured debentures in registered name. The debentures are mature in February 2020 and bear interests at the rate of 6.5 percent per annum and the interest is payable every 3 months. The debenture agreements contain several covenants that, among other things, require the Company to maintain certain financial ratio and others as stipulated in the debenture agreements. However, as at 31 December 2018, the Company was unable to maintain the debt to equity ratio. Subsequently, on 28 March 2019, the Debentureholder's Meeting No. 1/2019 approved a resolution to waive the compliance with the maintenance of debt to equity ratio and did not consider such non-compliance as a default and approved an additional amendment of the right by granting a right to the Company to redeem the debentures prior to the maturity date.

Since the events of default under the credit facility agreements with the bank, as described in Note 1.2 to the consolidated financial statements caused the default under the debenture agreement. Subsequently, on 6 November 2019, the Debentureholder's Meeting No. 2/2019 approved certain resolutions as follows:

- a) To waive the event of default clause 11.1 (c) of the terms and conditions, as a result from the event of default with a bank.
- b) To extend the maturity date of the debentures for three years, from 23 February 2020 to be 23 February 2023, with the Company entitled to redeem the debentures prior to the maturity date, either in whole or in part.
- c) To amend the interest rate of the debentures, with the fixed interest at the rate of 6.5 percent per annum retained and the Company to pay interest at the rate of 3 percent per annum every quarter commencing from 23 May 2020 and the difference based on the interest rate of 3.5 percent per annum for every installment to be paid upon redemption of debentures.
- d) To exempt the Company from its obligation to maintain the debt to equity ratio of not more than 5.5 to 1 at the end of fiscal year of throughout the term of the debenture pursuant to clause 7.5 of the terms and conditions.
- e) To postpone the payment of interest for the round of November 2019 interest installment to be no later than 23 February 2020.

However, as a result of the Company's entering the business rehabilitation process, as discussed in Note 1.1 b) to the consolidated financial statements, caused the event of default under clause 11.1 (e) of the terms and conditions. The Company therefore presented debentures totally Baht 1,218 million as the "Portion over one year but classified as current liabilities" and presented as a part of the "Current portion of liabilities" in the consolidated statements of financial position as at 31 December 2019.

27. Long-term loans from other companies

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

Movements of the long-term loans from other companies account during the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)	
	Consolidated financial statements
Balance as at 1 January 2019	245,295
Add: Additional borrowings	60,000
Amortisation of deferred front-end fee	11,510
Less: Repayment	(310,000)
Payment of front-end fee	(6,805)
Balance as at 31 December 2019	-

As at 31 December 2018, long-term loans from other companies comprised credit facilities from The Brooker Group Public Company Limited and MCL Property Company Limited totaling Baht 500 million under two agreements. Interest was charged at a fixed rate of 12 percent per annum and a front-end fee charged at 3 percent per annum, and the loans were to be settled within June and August 2020. The loans are secured by the Company, a subsidiary's rights in 1,600 memberships of Mahasamutr Country Club, and the pledge of ordinary shares of another subsidiary held by the Company.

On 4 October 2019, Pace Food Retail Co., Ltd. (“PFR”) borrowed a further Baht 60 million from the two companies. Subsequently, as described in Note 15.1.3 to the consolidated financial statements, on 7 November 2019, the Company and PFR entered into the Settlement Agreements with these companies to dispose of 1,699,998 ordinary shares which the Company holds in the subsidiary for a total of Baht 349 million, in accordance with a resolution of the Board of Directors Meeting of the parent company No.16/2019. The purpose of the disposal was to fund settlement of the long-term loans and interest payables under the loan agreements between PFR and these companies, for which the Company, as a guarantor, had pledged these ordinary shares as security, as described above. As a result of the transaction, on the same day, PFR borrowed a total of Baht 346 million from the Company to pay the loans and interest payables to the companies.

28. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows:

(Unit: Thousand Baht)						
	Consolidated financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Provision for long-term employee benefits						
at beginning of year	14,232	18,273	1,186	-	15,418	18,273
Included in profit or loss:						
Current service cost	5,869	4,181	1,377	-	7,246	4,181
Interest cost	470	525	-	-	470	525
Past service costs	250	-	-	1,186	250	1,186
Increase from acquisition of subsidiary	-	327	-	-	-	327
Decrease from disposal of investment in subsidiary (Note 15.1.3)	(113)	-	-	-	(113)	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	8,807	(3,317)	-	-	8,807	(3,317)
Financial assumptions changes	33	(198)	-	-	33	(198)
Experience adjustments	(3,003)	(5,129)	-	-	(3,003)	(5,129)
Benefits paid during the year	-	(430)	(275)	-	(275)	(430)
Provision for long-term employee benefits						
at end of year	<u>26,545</u>	<u>14,232</u>	<u>2,288</u>	<u>1,186</u>	<u>28,833</u>	<u>15,418</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Provision for long-term employee benefits						
at beginning of year	12,568	16,000	514	-	13,082	16,000
Included in profit or loss:						
Current service cost	4,481	3,599	165	-	4,646	3,599
Interest cost	391	468	-	-	391	468
Past service costs	-	-	-	514	-	514
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	7,750	(3,178)	-	-	7,750	(3,178)
Financial assumptions changes	57	(211)	-	-	57	(211)
Experience adjustments	(5,734)	(4,110)	-	-	(5,734)	(4,110)
Provision for long-term employee benefits						
at end of year	19,513	12,568	679	514	20,192	13,082

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 0.9 million (The Company only: Baht 0.6 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current period.

The Group expects to pay Baht 7 million of long-term employee benefits during the next year (The Company only: Baht 5 million) (2018: Baht 9 million, the Company only: Baht 8 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 11 - 18 years (Separate financial statements: 11 years) (2018: 6 - 21 years, the Company only: 6 years).

Significant actuarial assumptions are summarised below.

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Percent per annum)	(Percent per annum)	(Percent per annum)	(Percent per annum)
Discount rate	1.61 - 1.91	2.30 - 3.21	1.61	2.30
Salary increase rate	5.00	4.74 - 6.00	5.00	5.56
Turnover rate	7.64 - 45.84	0.00 - 59.00	7.64 - 45.84	0.00 - 32.00

The results 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 2019 and 2018 are summarised below.

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1.7)	2.0	(1.1)	1.3
Salary increase rate	1.9	(1.6)	1.2	(1.1)
Turnover rate	(2.9)	3.9	(1.9)	2.4

(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

29. Share capital / Share premium (discount)

On 29 April 2019, the Annual General Meeting of the Company's shareholders for the year 2019 passed a resolution approving the Company to proceed with the following actions:

- a) Decrease in the registered capital by Baht 2,283,736,957 (2,283,736,957 ordinary shares of Baht 1 each), from the existing registered capital of Baht 16,782,648,000 (16,782,648,000 ordinary shares of Baht 1 each), to Baht 14,498,911,043 (14,498,911,043 ordinary shares of Baht 1 each), by cancelling the unsold shares remaining from the allocation of the newly-issued ordinary shares proportionate to their respective shareholding (Rights Offering), the allocation of shares to accommodate the exercise of the warrants to purchase the newly-issued ordinary shares No. 1 (PACE-W1), which are expired, and the allocation of the newly-issued ordinary shares to specific investor(s) (Private Placement) by virtue of the resolution passed by the Extraordinary Meeting of Shareholders No. 2/2017 held on 14 December 2017 (without cancelling the shares allocated to accommodate the exercise of the warrants to purchase the newly-issued ordinary shares No. 2 (PACE-W2)). The Company registered the decrease in its registered share capital with the Ministry of Commerce on 8 May 2019.
- b) Increase the registered capital from the existing registered capital of Baht 14,498,911,043 (14,498,911,043 ordinary shares of Baht 1 each), to Baht 26,783,432,556 (26,783,432,556 ordinary shares of Baht 1 each), by issuing up to 12,284,521,513 newly ordinary shares with a par value of Baht 1 per share, totaling Baht 12,284,521,513. The Company registered the increase of its registered share capital with the Ministry of Commerce on 10 May 2019. The approved allocations of the additional ordinary shares were as follows:
 - 1) The allocation of up to 8,025,793,914 newly-issued ordinary shares with a par value of Baht 1 per share to the existing shareholders proportion to their respective shareholdings (Rights Offering) at a ratio of 2 newly-issued ordinary shares for every 3 existing ordinary shares and at the offering price of Baht 0.25 per share.
 - 2) The allocation of up to 4,012,896,957 newly-issued ordinary shares at par value of Baht 1 per share, to accommodate the issuance of up to 4,012,896,957 warrants to purchase the newly-issued ordinary shares of the Company No. 3 (PACE-W3), which the Company allocate to the existing shareholders of the Company who have subscribed and have been allocated the newly-issued ordinary shares proportionate to their respective shareholding (Rights Offering) without cost.
 - 3) The allocation of up to 245,830,642 newly-issued ordinary shares at par value of Baht 1 per share, to accommodate the rights adjustment of 245,830,642 warrants to purchase the newly-issued ordinary shares of the Company No. 2 (PACE-W2).

During the year, the Company received the proceeds of an increase in share capital offered to the existing shareholders in proportion to their shareholding (Rights Offering) totaling Baht 584 million (2,334,724,388 ordinary shares of Baht 0.25 each).

30. Warrants to purchase the ordinary shares

During the year, the Company issued and distributed the warrants to purchase the ordinary shares of the Company No.3 ("Warrant PACE-W3") to the existing shareholders who subscribed to the newly issued ordinary shares which were allocated for no compensation, in ratios of every 2 newly issued ordinary shares for 1 warrant in accordance with a resolution approved by the Annual General Meeting of the Company's shareholders on 29 April 2019. The warrants are detailed as follows:

	Warrant PACE-W2	Warrant PACE-W3
Issue date	23 February 2018	30 August 2019
Number of warrants	2,460,220,171 units	1,167,362,186 units
Contractual lives	5 years from issue date	3 years from issue date
Exercise price	1 warrant can purchase 1 ordinary share at an exercise price of Baht 2	1 warrant can purchase 1 ordinary share at an exercise price of Baht 0.25
Number of warrants were exercised during the year	-	-

31. 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.

32. Expenses by nature

Significant expenses classified by nature are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Costs of sales of land and houses and residential condominium units	420,515	4,653,998	-	138,621
Change in inventories	54,153	77,717	-	-
Purchase of inventories	448,151	1,166,384	-	-
Employee benefit expenses	732,725	1,246,002	126,008	204,044
Management benefit expenses	51,050	52,688	42,353	48,968
Selling, marketing and advertising expenses	54,173	662,775	2,819	64,504
Commission expenses	14,278	25,508	-	-
Depreciation and amortisation	201,302	245,223	20,969	26,031
Professional and consulting fees	270,258	431,412	93,145	166,479
Rental, service and utilities expenses	500,763	727,448	12,473	26,191
Loss on impairment of				
Other receivable - subsidiary	-	-	29,034	-
Long-term loans to subsidiaries and interest receivables	-	-	2,640,333	5,006,530
Investments in subsidiaries	-	-	583,670	215,541
Advance payment for purchase land	100,000	-	100,000	-
Leasehold improvement, equipment and computer software	181,712	-	-	-
Loss on transfer of asset for debt settlement	8,565	-	8,565	-
Loss on guarantee of subsidiary's loans	-	-	2,098,738	-
Bank charges and credit card fee	26,402	54,050	222	413
Loss on disposal of assets	198	3,532,841	-	-
Unrealised (gain) loss on exchange rate	4,282	(238)	241,912	14,482
Cost of interior service	134,476	9,327	-	-
Other expenses	678,430	273,655	7,555	35,186

33. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	(36,055)	(3,258)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	151,942	58,552	137,994	(46,387)
Income tax reported in the statement of comprehensive income	<u>115,887</u>	<u>55,294</u>	<u>137,994</u>	<u>(46,387)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax on actuarial gain	1,167	(1,729)	415	(1,500)
	<u>1,167</u>	<u>(1,729)</u>	<u>415</u>	<u>(1,500)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Loss before tax from disposal of subsidiary during the year	(2,537,335)	(5,171,174)	(6,264,567)	(4,146,946)
Profit (loss) before tax from discontinued operation	94,294	(30,439)	-	-
Accounting loss before tax	<u>(2,443,041)</u>	<u>(5,201,613)</u>	<u>(6,264,567)</u>	<u>(4,146,946)</u>
Applicable tax rate	8.25%, 17%, 20% and 28.6%		20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(637,272)	(1,190,781)	(1,252,913)	(829,389)
Effects of:				
Non-deductible expenses	6,104	(263,358)	2,784	(7,442)
Additional expense deductions allowed	(1,393)	(154,870)	(433)	(2,298)
Write-off deferred income tax assets on uncertainty of tax loss carry forward	-	-	-	-
Temporary differences not recognised as deferred tax assets	(21,800)	1,862,989	1,068,553	978,083
Tax loss carry forward not recognised as deferred tax assets	533,873	(102,774)	-	-
Taxable income	-	-	41,236	-
Others	22,737	(200,009)	2,779	(92,567)
Total	539,521	1,141,978	1,114,919	875,776
Income tax expense	97,751	48,803	137,994	(46,387)
Income tax expense from discontinued operation	(18,136)	(6,491)	-	-
Income tax expense reported in the statement of comprehensive income	115,887	55,294	137,994	(46,387)

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax assets				
Recognise revenue from sales of land and houses and residential condominium units	15,651	10,685	-	-
Depreciation	6,267	4,820	3,107	2,636
Capitalise expenses and interest as part of land	36,591	21,748	37,289	18,716
Loss carry forward	331,354	222,383	263,693	152,672
Others	(4,128)	9,120	5,261	6,278
Total	385,735	268,756	298,828	180,302
Deferred tax liabilities				
Intangible assets - net	120,472	129,639	-	-
Revaluation surplus of land	52,500	52,505	-	-
Total	172,972	182,144	-	-

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 3,883 million (2018: Baht 3,763 million) (The Company only: Baht 11,982 million (2018: Baht 6,839 million)), on which deferred tax assets have not been recognised as the Group 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 6,123 million (2018: Baht 4,309 million) (The Company only: Baht 2,080 million (2018: Baht 763 million)), will expire by 2024.

34. 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Loss attributable to equity holders of				
the Company (Thousand Baht)	(2,421,448)	(5,155,514)	(6,126,572)	(4,193,333)
Weighted average number of ordinary shares				
(Thousand shares)	13,039,943	11,055,398	13,039,943	11,055,398
Loss attributable to equity holders of				
the Company per share (Baht)	(0.186)	(0.466)	(0.470)	(0.379)

The exercise price of the Warrants PACE-W2 and PACE-W3 was higher than the average market price of the Company's shares for years ended 31 December 2019 and 2018. Therefore, the Company has not included the conversion of the warrants in the calculation of diluted earnings per share.

35. 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 Group is organised into business units based on its products and services and has two reportable segments as follows:

- The real estate development segment, which develops and sells land and houses, and condominium units
- 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 Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

	Real estate development		Retailer of premium gourmet and delicatessen		Interior service		Elimination		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues from external customers	469	6,115	1,194	2,434	149	24	-	-	1,812	8,573
Inter-segment revenues	-	-	3	20	13	91	(16)	(111)	-	-
Total revenues	469	6,115	1,197	2,454	162	115	(16)	(111)	1,812	8,573
Segment operating profit	49	1,298	627	1,137	14	15	-	163	690	2,613
Unallocated revenues and expenses:										
Other income									336	240
Operating gain (loss) of subsidiary disposed during the year									76	(37)
Selling expenses									(1,070)	(2,129)
Administrative expenses									(1,398)	(1,503)
Loss on impairment of advance payment for purchase of land									(100)	-
Loss on impairment of leasehold improvement, equipment and computer softwares									(182)	(2)
Loss on transfer of asset for debt settlement									(9)	-
Loss on disposal of assets									-	(3,533)
Share of loss from investments in joint ventures									(4)	(47)
Finance cost									(876)	(810)
Income tax									116	55
Loss for the year									<u>(2,421)</u>	<u>(5,153)</u>

Geographic information

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

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Thailand	1,239	6,769
United States of America	985	2,007
Total	<u>2,224</u>	<u>8,776</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	3,029	2,803
United States of America	4,411	5,654
Total	<u>7,440</u>	<u>8,457</u>

36. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group contributes 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 2019 amounting to approximately Baht 9 million (2018: Baht 11 million) (The Company only: Baht 5 million (2018: Baht 7 million)) were recognised as expenses.

37. Commitments and contingent liabilities

37.1 Capital commitments

- a) As at 31 December 2019, the Group 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 1,666 million (2018: Baht 2,373 million) (The Company only: Baht 1,234 million (2018: Baht 1,194 million)).
- b) As at 31 December 2019 and 2018, 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 2019 and 2018, the Company had advance payment for purchase of land of Baht 100 million. Under the conditions of the agreements to sell and purchase of land dated 4 January 2017 and the amendment to the agreements dated 31 January 2017 and 21 February 2017, the ownership of such land shall be transferred to the Company when payments are made in full amount within 31 July 2017, otherwise the seller has a right to confiscate such deposit without a prior notice. The Company sent an intention letter to purchase of land dated 29 August 2017 to the seller and received an acknowledgement letter from the seller dated 1 September 2017 agreeing to consider the Company's proposition without mentioning about relinquishing its right to confiscate the deposits. Based on the in-house legal counselor's opinion of the Company, the seller has the right to confiscate such deposit. As verbally discussed between the Company's management and the seller, with the Company going to purchase such land, the management believes that such deposit would not be confiscated. However, as a result of the Company entering into the business rehabilitation process, the Company recognised and presented a provision for impairment loss on the advance payment for purchase of land under "Loss on impairment of advance payment for purchase of land" in the statement of comprehensive income for the year ended 31 December 2019.

37.2 Operating lease and service commitments

- a) As at 31 December 2019, 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 44 million (2018: Baht 99 million).
- b) The Group had commitments under various operating lease and service agreements covering the rental agreements of retail, warehouse, office premises and commitments under sponsorship agreements with internationally known events in the United States of America.

As at 31 December 2019 and 2018, the Group had the total future minimum lease payments under non-cancellable operating leases and service commitments as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Payable within:				
Less than 1 year	Baht 26 million and USD 7 million	Baht 30 million and USD 26 million	Baht 2 million	Baht 6 million
1 to 5 years	Baht 19 million and USD 51 million	Baht 11 million and USD 97 million	-	Baht 1 million
Over 5 years	USD 39 million	USD 46 million	-	-

During the year, a subsidiary negotiated a deduction of the debt relating to sponsorship agreements with internationally known events in the United States of America, as described in Note 24 to the consolidated financial statements.

37.3 Other commitments

As at 31 December 2019, a subsidiary was obliged to the license fee under Residential Marketing License Agreement and Side Letter to RMLA Regarding Term with a company in foreign country for the 11 untransferred condominium units totaling Baht 38 million (2018: Baht 48 million).

37.4 Guarantees

- a) As at 31 December 2019 and 2018, the Group guaranteed loans and credit facilities of the Group amounting to Baht 6,824 million and USD 90 million (31 December 2018: Baht 7,324 million and USD 90 million) (Separate financial statements: Baht 4,749 million and USD 90 million (31 December 2018: Baht 4,749 million and USD 90 million)).
- b) As at 31 December 2019 and 2018, the Company had outstanding bank guarantees amounting to Baht 21 million and Baht 53 million, respectively, relating to the obligation arising from the ordinary course of the Company's business. The Company has mortgaged land and constructions thereon and the Company's real estate projects under development as collateral for issuing the bank guarantees.
- c) As at 31 December 2019, a subsidiary had outstanding bank guarantees amounting to Baht 0.8 million (2018: None) relating to the obligation arising from the ordinary course of the subsidiary's business.
- d) As at 31 December 2019 and 2018, a subsidiary had bank deposit amounting to USD 0.03 million and USD 0.8 million, respectively (equivalent to Baht 0.8 million and Baht 27 million, respectively) pledged as collateral for letters of credit according to a requirement of leases on cafés and office in New York.

38. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets measured at fair value								
Investments in trading security								
Open-end fixed income fund	-	-	-	7	-	-	-	7
Land	-	-	-	-	547	547	547	547
Liabilities for which fair value are disclosed								
Bills of exchange payables	-	-	-	-	163	177	163	177
Promissory note payable	-	-	-	-	30	-	30	-
Debentures	-	-	-	1,214	1,291	39	1,291	1,253

(Unit: Million Baht)

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets measured at fair value								
Investments in trading security								
Open-end fixed income fund	-	-	-	7	-	-	-	7
Liabilities for which fair value are disclosed								
Debentures	-	-	-	1,214	1,218	-	1,218	1,214

39. Financial instruments

39.1 Financial risk management

The Group's 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 receivables, pledged and restricted bank deposits, 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 are described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does 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 receivables and loans stated in the consolidated statements of financial position.

Interest rate risk

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

As at 31 December 2019 and 2018, 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)

	2019					
	Consolidated financial statements					
	Fixed interest rates					
	Within	1-5	Floating	Non-interest		Effective
	1 year	years	interest rate	bearing	Total	interest rate
						(% per annum)
Financial Assets						
Cash and cash equivalents	-	-	260	14	274	0.10 - 0.38
Trade and other receivables	-	-	-	483	483	-
Short-term loans to other persons and other companies and interest receivables	103	-	-	22	125	5.00 - 7.50
Refundable value added tax	-	-	-	17	17	-
Pledged and restricted bank deposits	-	-	442	-	442	0.38
Long-term loans to related parties and interest receivables	-	38	-	48	86	5.50
	103	38	702	584	1,427	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	1,984	-	321	-	2,305	5.00 - 15.00
Short-term loans from other persons	193	-	-	-	193	5.30 - 7.00
Short-term loans from related person	-	-	-	1	1	-
Trade and other payables	-	-	-	3,185	3,185	-
Payables for purchase of land	-	-	-	101	101	-
Long-term loans from financial institutions	192	-	7,736	-	7,928	5.00 and 15.00
Debentures	1,291	-	-	-	1,291	5.40 - 7.50
Liabilities under finance lease agreements	1	-	-	-	1	1.91 - 6.60
	3,661	-	8,057	3,287	15,005	

(Unit: Million Baht)

2018						
Consolidated financial statements						
Fixed interest rates					Effective	
Within	1-5	Floating	Non-interest			
1 year	years	interest rate	bearing	Total	interest rate	
						(% per annum)
Financial Assets						
Cash and cash equivalents	-	-	1,171	107	1,278	0.10 - 0.40
Current investments	-	-	-	7	7	-
Trade and other receivables	-	-	-	887	887	-
Short-term loans to other persons	-	-	-	1	1	-
Refundable value added tax	-	-	-	16	16	-
Pledged and restricted bank deposits	-	-	32	-	32	0.38
Long-term loans to related parties and interest receivables	-	-	132	4	136	2.64
	-	-	1,335	1,022	2,357	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	2,447	-	612	-	3,059	3.06 - 6.87
Short-term loans from other persons	177	-	-	-	177	6.35 - 7.50
Short-term loans from related person	-	-	-	86	86	-
Trade and other payables	-	-	-	2,618	2,618	-
Payables for purchase of land	-	-	-	101	101	-
Long-term loans from financial institutions	2,391	-	6,453	-	8,844	4.00 - 5.65
Debentures	1,253	-	-	-	1,253	6.50 - 7.00
Long-term loans from other companies	245	-	-	-	245	12.00
Liabilities under finance lease agreements	2	1	-	-	3	5.75 - 11.52
	6,515	1	7,065	2,805	16,386	

(Unit: Million Baht)

2019						
Separate financial statements						
Fixed interest rates						
Within	1-5	Floating	Non-interest			Effective
1 year	years	interest rate	bearing	Total		interest rate
(% per annum)						
Financial Assets						
Cash and cash equivalents	-	-	-	13	13	0.22 and 0.38
Trade and other receivables	-	-	-	426	426	-
Short-term loans to other persons and other companies and interest receivables	101	-	-	19	120	5.00 - 7.50
Pledged and restricted bank deposits	-	-	440	-	440	0.38
Accrued management fee income from subsidiaries	-	-	-	322	322	-
Long-term loans to related parties and interest receivables	-	3,587	-	503	4,090	5.00 - 7.50
	101	3,587	440	1,283	5,411	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	1,984	-	-	-	1,984	5.00 and 5.50
Trade and other payables	-	-	-	1,063	1,063	-
Payables for purchase of land	-	-	-	101	101	-
Long-term loans from subsidiaries and interest payables	-	8,140	-	316	8,456	1.75 and 5.00
Long-term loans from financial institutions	-	-	6,039	-	6,039	15.00
Debentures	1,218	-	-	-	1,218	6.50
	3,202	8,140	6,039	1,480	18,861	

(Unit: Million Baht)

2018						
Separate financial statements						
Fixed interest rates						
Within	1-5	Floating	Non-interest		Effective	
1 year	years	interest rate	bearing	Total	interest rate	
(% per annum)						
Financial Assets						
Cash and cash equivalents	-	-	817	23	840	0.38 - 0.40
Current investments	-	-	-	7	7	-
Trade and other receivables	-	-	-	793	793	-
Accrued management fee income from subsidiaries	-	-	-	322	322	-
Long-term loans to related parties and interest receivables	-	5,191	-	1,149	6,340	5.00 - 9.03
	-	5,191	817	2,294	8,302	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	2,446	-	-	-	2,446	4.00 - 5.50
Trade and other payables	-	-	-	549	549	-
Payables for purchase of land	-	-	-	101	101	-
Long-term loans from subsidiaries and interest payables	-	8,142	-	174	8,316	1.75 - 3.00
Long-term loans from financial institutions	2,108	-	3,890	-	5,998	4.00 - 5.53
Debentures	1,214	-	-	-	1,214	6.50
Liabilities under finance lease agreements	2	1	-	-	3	5.75 - 11.13
	5,770	8,143	3,890	824	18,627	

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2019 and 2018, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	-	-	1,400	1,063	30.15	32.45
Euro	-	-	119	70	33.73	37.13
Pound sterling	-	-	10	326	39.52	41.07
Japanese Yen	-	-	73,825	76,602	0.28	0.29
Hong Kong dollar	-	-	66	66	3.87	4.14
Singapore dollar	-	-	-	115	22.32	23.69

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	-	85,732	46	26	30.15	32.45
Euro	-	-	105	60	33.73	37.13
Pound sterling	-	-	-	315	39.52	41.07
Japanese Yen	-	-	-	2,777	0.28	0.29

39.2 Fair values of financial instruments

Since the majority of the Group's 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 consolidated statements of financial position.

The methods and assumptions used by the Group 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 receivables, bank overdrafts and short-term loans from financial institutions, bills of exchange payables and trade and other payables, their carrying amounts in the consolidated statements of financial position approximate their fair value.

- b) 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.
- c) For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the consolidated statements of financial position approximate their fair value.

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

40. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 August 2020.