

(Translation)

No.: PACE-L 36/2018

Date: 21 December 2018

Subject: Disclosure on Connected Transaction Regarding Providing Financial Assistance
(Revised)

Attention: President
The Stock Exchange of Thailand

Reference Letter: The Letter of the Company dated 10 April 2018 re: Acquisition and Disposition of Assets

Pace Development Corporation Public Company Limited (the “**Company**”) would like to inform the resolution of the Board of Directors’ Meeting No. 19/2018 held on 21 December 2018 which has approved the Company to provide financial assistance to connected persons being Fourteen Points Company Limited (“**FP**”), MahaNakhon Bespoke Tailoring Company Limited (“**MHNK Bespoke**”) and Verita MHK (Thailand) Company Limited (“**Verita**”) in term of loan in the total amount of Baht 42,046,735.08.

This transaction shall be considered as a connected transaction regarding providing of financial assistance pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 entitled Rules on Connected Transactions and the Notification of The Board of Governors of The Stock Exchange of Thailand entitled Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003. The details of transaction will be as follows:

1. Date of transaction

Within January 2019.

2. The Related Parties

Financial Assistance Provider : Pace Development Corporation Public Company Limited

Financial Assistance Receiver : 1. Fourteen Points Company Limited (“**FP**”)
2. MahaNakhon Bespoke Tailoring Company Limited (“**MHNK Bespoke**”)
3. Verita MHK (Thailand) Company Limited (“**Verita**”)

3. General nature of transaction

Background

As the Company had entered into the transaction of disposition of MahaNakhon Project and MahaNakhon Cube to King Power MahaNakhon Company Limited (“**KPM**”) earlier this year, such transaction caused the change of the lessor of the MahaNakhon Cube Building from the Company’s subsidiary to **KPM including change of rental period. Currently, there are some outstanding unpaid rental fees between the tenants and KPM.** In order to complete the transaction, the Company is required to solve the issues of outstanding unpaid rental fees and the future rental fees of the lessees in the MahaNakhon Cube Building to **KPM.**

(Translation)

In this regard, the resolve of the rental fee is a part of the terms of the agreement between the Company and KPM. Therefore, the loan to the tenants is intended for the tenants to pay accrued and prepaid rental fee to KPM. After the completion of such payment, KPM shall pay the remaining amount of Baht 300,000,000 to the Company which expected to complete by January 2019.

Therefore, the Company is required to procure all lessees to pay such rental fees by way of granting loan from the Company to the lessees. There are 3 connected persons namely FP, MHNK Bespoke and Verita. The Company shall grant loan in the amount of Baht 22,890,070.83, 1,842,443.91 and 17,314,220.34 respectively.

Summary of Loan's Key Terms

- 1) The bullet payment shall be made at the end of the 2-year anniversary from the drawdown date.
- 2) Interest 5.5 % p.a. payable every 6-month basis.
- 3) The Company may take other procedures which the Company deemed appropriate and agreed by the borrower in order to mitigate the Company's risk in relation to providing loan.

Beside of 3 tenants who are connected persons, there are 2 tenants which the Company also provide the financial assistance in the amount of Baht 7,114,838.90 on same basis. In this regard, the amount of loan to all tenants shall be Baht 49,161,573.98, with the amount of interest of Baht 5,407,773.14 and the total sum of principal and interest shall be Baht 54,569,347.12.

4. Total value and criteria used in determining a transaction's total value

The total amount of financial assistance to connected persons is Baht 42,046,735.08 with interest at 5.5% per annum and with 2-year term. FP, MHNK Bespoke and Verita shall pay the principal within 2020.

Value and Size of the Transaction

Principal and expected benefit received throughout loan term	Amount	Remark
Loan principal <ul style="list-style-type: none"> • FP • MHNK Bespoke • Verita 	22,890,070.83 1,842,443.91 17,314,220.34	Each borrower has to repay the whole amount of loan principal with the loan repayment due no later than 2 years from the drawdown date
Interest	4,625,140.86 (for 2-year period)	5.5% p.a. payable every 6 months
Transaction value	46,671,875.94	Principal + Interest

As the consolidated financial statement of the Company and its subsidiaries ended 31 March 2017, the net tangible asset value of the Company shows deficits. Transaction size is Baht 46,671,875.94 which is not exceed Baht 100,000,000. This transaction shall be considered as a connected transaction regarding providing of financial assistance which is required the approval by the Board of Directors' Meeting and disclosure to the Stock Exchange of Thailand.

(Translation)

5. Name of connected persons and relationship between connected persons

- Fourteen Points Company Limited is a company in which Mr. Sorapoj Techakraisri holds 100.00%
- MahaNakhon Bespoke Tailoring Company Limited is a company in which Mr. Sorapoj Techakraisri holds 100.00%
- Verita MHK (Thailand) Company Limited is a subsidiary of Verita Thailand Pte. Limited in which Mr. Sorapoj Techakraisri holds 50.00%

Mr. Sorapoj Techakraisri ("**Mr. Sorapoj**") is a director, management and major shareholder of the Company holding 38.90% of total shares of the Company, which is considered as a connected person of the Company. In this regard, Mr. Sorapoj has not attended this agenda and casted the votes on this agenda.

6. Characteristics and scope of interests of connected person

The Company provide financial assistance to FP, MHNK Bespoke and Verita in the total amount of Baht 42,046,735.08 which are the transaction with the major shareholder and shall be deemed as a connected transaction.

7. Source of fund for providing financial assistance

Working capital of the Company

8. Factors in consideration for the repayment capabilities

In the event that the borrower sells their's assets for loan repayment and it is not enough. The Company will demand the major shareholder of the borrower to be responsible for the repayment of such loan and interest.

9. Opinions of the Board of Directors concerning a decision to enter into a connected transaction, specifying the reasonableness and the highest benefit to the Company comparing with a decision to enter into a transaction with an independent third party as well as associated risk

Reasonableness

After consideration, the Board of Directors is of the view that entering into loan transaction is reasonable and will benefit the Company. Whenever FP, MHNK Bespoke and Verita pay the accrued and prepaid rental fee to KPM, KPM shall pay the remaining amount which higher than this loan amount to the Company. This shall be working capital of the Company and subsidiaries and shall improve the Company's liquidity.

Risk

The Company may be at risk of not receiving the repayment and interest, or a delay in repayment.

10. Opinions of the Audit Committee and/or directors which are different from the opinions of the Board of Directors



(Translation)

- None -

Please be informed accordingly.

Sincerely yours,

- *Signed* -

(Mr. Sarath Pavorndechapong)
Deputy Executive Vice President, Legal and Compliance