

No. 115/2017

SEC notifies PACE to clarify the fair value measurement of its investment

Bangkok, 16 November 2017 - The SEC has notified Pace Development Corporation Plc. (PACE) to clarify the assumptions used in the fair value measurement of its investment in Pace Project One Co., Ltd. (Pace One) and Pace Project Three Co., Ltd. (Pace Three) and submit to the SEC as well as publicly disclose the information within 14 days.

PACE's auditor issued a disclaimer of conclusion on the consolidated statement of comprehensive income for Q2 and Q3/2017 on the basis that the auditor could not reach a conclusion on the valuation report of PACE's equity investments in Pace One and Pace Three, conducted by an independent financial advisor, regarding the estimation of income of the Observation Deck on the MahaNakhon Project. The valuation relies on assumptions and forecasted numbers. PACE then used the valuation results to recognize an investment amount of Baht 8,231 million and the gains from loss of control in Pace One and Pace Three of Baht 8,857 million.

A use of reasonable assumptions in the fair value measurement is crucial and has significant effect on the fair presentation of the investment amount and the gains from loss of control in subsidiaries. In addition, the information disclosed in its Q2 and Q3/2017 financial statements were incomplete and ambiguous, which is likely to affect the rights and interests of shareholders or the decision making on investment. For example, an estimated number of visitors used in the projection was not disclosed.

By virtue of Section 58(1) and (2) of the Securities and Exchange Commission B.E. 2535 (1992), the SEC therefore instructed PACE to clarify information and important assumptions used in the fair value measurement, the review of the reasonableness of the assumptions, and the sensitivity analysis on significant factors. PACE must submit to the SEC as well as publicly disclose the information within 14 days.

If the results of the review affect the fair valuation of the investment or any items in the financial statements that have been submitted to the SEC Office and disclosed publicly, PACE must rectify and re-submit such financial statements to the SEC Office within 30 days.
