



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Pacific Century Regional Developments Limited

Security: Pacific Century Regional Developments Limited

Meeting details:

Date: 2 April 2019

Time: 10.00 a.m.

Venue: Raffles Town Club, Dunearn 3, Level 1, 1 Plymouth Avenue, Singapore 297753

Company Description

Pacific Century Regional Developments Limited, an investment holding company, provides business management and consultancy services. It holds interests in telecommunications, media, IT solutions, logistics, and property development and investment businesses in the Asia-Pacific region. The company was formerly known as Seapower Asia Investments Limited and changed its name to Pacific Century Regional Developments Limited in November 1994. The company was incorporated in 1963 and is based in Singapore. Pacific Century Regional Developments Limited is a subsidiary of Pacific Century Group (Cayman Islands) Limited.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=P15)

1. Would the board provide shareholders with better clarity on the following items in the consolidated income statement? Specifically:

- (i) **Finance facility fees:** In FY2018, the group incurred finance facilities fees of \$2.55 million (FY2017: \$2.21 million) when the interest expense amounted to just \$458,000 (FY2017: \$806,000). **Can the board help shareholders if the company would be reviewing its banking lines and banking relationships so as to optimise its all-in financing costs?**
- (ii) **Travelling expenses:** Travelling expenses jumped from \$66,000 in FY2017 to \$1.003 million in FY2018. **Given that the group is very lean and has no operations, can the board elaborate further on the significant jump in travelling expenses? Please provide a breakdown of the \$1.003 million in travelling expenses.**
- (iii) **Cash and cash equivalents:** With a cash and cash equivalent of \$13.1 million as at 31 December 2018, the company has proposed a final dividend of 2.4 cents per share and a special dividend of 6.3 cents per share. The proposed dividend, if approved by shareholders at the annual general meeting, will amount to \$231 million. **Can the board/management help shareholders understand how it is looking to fund the proposed dividends?**

2. In the financial year, the group purchased financial assets, recognised at fair value through other comprehensive income (FVOCI) amounting to \$93.1 million.

In Note 13 (page 54 – Financial assets, at FVOCI), the group’s equity investments at fair value is shown to include:

- Foxdale Asset Holding Ltd with a carrying value of \$32.9 million
- Exoduspoint Partners International Fund, Ltd with a carrying value of \$48.1 million
- FWDGRP ZERO Perpetual Corp (USD) with a carrying value of \$19.4 million

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Non-current assets | | | | |
| Equity investments, at fair value: | | | | |
| - Unquoted | | | | |
| Foxdale Asset Holding Ltd | 32,939 | - | - | - |
| Exoduspoint Partners International Fund, Ltd | 48,140 | - | - | - |
| Others | 392 | - | - | - |
| | 81,471 | - | - | - |
| - Quoted | | | | |
| FWDGRP ZERO Perpetual Corp (USD) | 19,377 | - | - | - |
| HKT | 287,937 | - | 287,937 | - |
| | 307,314 | - | 287,937 | - |
| Total | 388,785 | - | 287,937 | - |

(Source: Company annual report)

- (i) Would the company provide shareholders with better clarity on the underlying assets/investment mandate of Foxdale and Exoduspoint Partners?**
- (ii) How are these funds/investments selected?**
- (iii) How is the fair value determined if these are unquoted securities?**
- (iv) With regard to the investment in FWDGRP Zero Perpetual, would that be considered an interested person transactions as the company has disclosed that FWD Group is a “related corporation”?**
- (v) Does the group have a comprehensive and robust framework to guide its investments, such as third party funds? What is the exit strategy for these passive investments?**

3. As disclosed in the Report on Corporate Governance, Mr. Tom Yee Lat Shing and Mr. Francis Yuen Tin Fan have served on the board for more than nine years from the date of their first appointment to the board.

In fact, Mr. Francis Yuen Tin Fan and Mr. Tom Yee Lat Shing were first appointed in (or before) 1993 and 1991 respectively. Mr. Tom Yee Lat Shing, now serving as the lead independent director and chairman of the audit committee, has been on the board for approximately 28 years.

In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (“2018 CG Code”). As a consequence of the revised 2018 CG Code, the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022. Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

- (i) Has the nominating committee reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in any future director appointments?**
- (ii) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**
- (iii) With the recent additions of independent directors, Mr. Christopher John Fossick and Ms. Laura Deal Lacey, what are the company’s other near term plans to refresh the membership of the board to comply with the new 2018 Code in good time?** Reconstituting the board in good time to comply with the new 2018 Code would avoid undue disruption and help to maintain institutional knowledge and continuity in the board.

- (iv) **As the lead independent director and the chairman of the audit committee, would Mr. Tom Yee Lat Shing be holding himself to a higher standard in terms of a director's independence as his long tenure may be perceived to impair his independence?**

- (v) In addition, the company has classified the chairman as an executive director, whose role is separate from that of the group managing director. The chairman's role includes ensuring that board meetings are held when necessary and setting the board meeting agenda in consultation with the group managing director. The chairman also, inter alia, leads the board to ensure its effectiveness of the board in all aspects of its role. **Would the company help shareholders understand how time, energy and attention is afforded by the chairman (as an executive director) to the matters of the group? Would the role of the chairman, as it is described, be more of a non-executive role in charge of just board matters?**

- (vi) **Similarly, can the company help shareholders understand if the position of the group managing director (held by Mr. Peter A. Allen) is a full time role given that the group has no direct operations?**

4. *[The following question was posted to the company following the review of the 2016 annual report. As the company did not respond nor clarified its position on the matter, the question is updated and re-sent to the company.]*

Guideline 16.3 of the Code of Corporate Governance 2012 states that:

All directors should attend general meetings of shareholders. In particular, the Chairman of the Board and the respective Chairman of the AC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

In the company's "Report on Corporate Governance" (pages 88 to 105 of the annual report), under the section "Communications with Shareholders" (page 104), the company disclosed that the "Chairpersons of the Audit, Nominating and Remuneration Committees are normally present to address questions at general meetings."

As disclosed in the profile of the chairman, Mr. Li is the Chairman and Chief Executive of the Pacific Century Group, Chairman and Executive Director of PCCW Limited, Executive Chairman and Executive Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust and Chairman and an Executive Director of Pacific Century Premium Developments Limited.

Mr. Li, as Chairman of PCRD, would be the best person to address shareholders' questions at the AGM.



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Can shareholder get the company's and the Chairman's affirmation that the he would "normally" be present at the company's AGM to address questions from shareholders?

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 and 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Pacific%20Century%20Regional%20Developments%20Ltd&cid=4221>

The company's response could be found here: -----