



**Securities Investors Association (Singapore)**  
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111  
Tel: (65) 6227 2683 Email: [admin@sias.org.sg](mailto:admin@sias.org.sg)  
[www.sias.org.sg](http://www.sias.org.sg)  
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**Issuer:** Pacific Century Regional Developments Limited

**Stock code:** P15

**Meeting details:**

Date: 17 Apr 2025

Time: 10.00 a.m.

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

**Q1.** The company's most significant asset is its 22.7% stake in Hong Kong-listed PCCW Limited, with a quoted market value of \$1.39 billion as at balance sheet date.

In contrast, the group's logistics business, KSH Distriparks, has a carrying value of \$11.2 million, representing less than 1% of the PCCW stake's market value. In 2024, KSH Distriparks restructured into two separate entities — KSH Distriparks Private Limited (KDPL) and KSH Integrated Logistics Private Limited (KILPL). Management considers both KDPL and KILPL immaterial to the group's financials.

The chairman highlighted the company's commitment to seeking new prospects and opportunities for sustainable growth and long-term value creation for stakeholders.

- (i) **Has the group engaged an investment bank or external professional advisers to identify opportunities? Given the current balance sheet, what is the potential transaction size, and which industries or geographies are under consideration?**
- (ii) **Over the past three to five years, has the board progressed beyond preliminary evaluations for any acquisitions or strategic investments?**
- (iii) **Given that the group does not actively manage any of the group's investments, how does management ensure that it is driving long-term, sustainable shareholder value?**

Separately, management has reported that KSH stands to benefit from its largest competitor exiting the Pune market.

- (iv) **For the benefit of shareholders, what was the rationale behind restructuring KSH into two entities and what is the realistic growth potential of this business?**

**Q2.** The board has proposed a final dividend of 5.96 cents per share for the 2024 financial year. If approved, this will bring the total dividend for FY2024 to 7.08 cents per share, representing a dividend yield of approximately 19%. The company's dividend history<sup>1</sup> is as follows:

FY2024 – 7.08 cents  
FY2023 – 4.20 cents  
FY2022 – 9.23 cents (including the distribution-in-specie of HKT SSUs)  
FY2021 – 7.01 cents  
FY2020 – 6.90 cents  
FY2019 – 6.26 cents  
FY2018 – 8.70 cents  
FY2017 – 2.20 cents  
FY2016 – nil

As at 31 December 2024, the group's revolving loan facilities (RLF) increased to \$200.26 million, with total finance expenses on bank borrowings remaining high at \$13.57 million for FY2024. Revolving loan facilities are priced at HIBOR, plus a margin ranging from 0.93% to 1.45% per annum

- (i) **What is the board's decision-making process in determining dividends? Are dividends supported by underlying cash flows? Given the fluctuating dividend history, can the board provide insights into the company's long-term dividend strategy?**
- (ii) **In addition, what is the actual interest rate on the RLF and what are the board's views on interest rate trends? How do rising interest rates influence decisions regarding dividends and capital structure?**

Under the terms of the RLF, the company must maintain a market value of pledged securities of at least 200% of outstanding loan amounts. During the year, this ratio fluctuated between 204% and 380%, at times nearing covenant breach levels.

- (iii) **With the pledged securities ratio falling close to the 200% threshold, how does the board stress-test covenant risks?**

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<sup>1</sup> <https://www.sgx.com/securities/corporate-actions?value=PACIFIC%20CENTURY%20REGIONAL%20DEVTS>

**Q3.** In the annual report, the company reported that as at 3 March 2025, 10.05% of the issued shares were held by the public. However, this percentage number may be lower following the company's share buybacks of an additional 162,100 shares between 5 March and 27 March 2025.

The total shares repurchased since the renewal of the share buyback mandate now stands at 412,100 shares. As these shares were cancelled, the company's issued share capital was reduced to 2,646,548,200 shares.

- (i) **Given that public shareholding is already at 10.05%, can the board provide its strategic rationale for continuing share buybacks? How does the board plan to address liquidity concerns arising from a shrinking free float?**
- (ii) **With buybacks executed at a premium to NAV (\$0.395 vs. \$0.335 per share), how does the board quantify the financial benefits of the buybacks? How do these buybacks enhance long-term shareholder value, particularly for minority shareholders?**
- (iii) **Has the board engaged with the controlling shareholder to discuss the company's long-term future as a listed entity on SGX-ST?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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