Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Moya Holdings Asia Limited

Security: Moya Holdings Asia Limited

Meeting details:
Date: 26 April 2019
Time: 1.00 p.m.
Venue: NUSS Suntec City Guild House, Guild Room, 3 Temasek Boulevard, #02-401/402 Suntec City Mall, Singapore 038983

Company Description

Moya Holdings Asia Limited is a Singapore-based investment holding company. The Company is engaged in the investment and development of total water solutions. The Company operates through Build-Operate-Transfer (BOT) business segment. The Company's BOT segment is engaged in the business of providing water treatment solutions to municipalities and government, including commissioning, operation and maintenance of a range of water treatment plants on design, build, operate and transfer arrangements. The Company has over three BOT projects, under contract and development by its subsidiaries, PT Moya Bekasi Jaya, PT Moya Tangerang and PT Moya Makassar. Moya Indonesia Holdings Pte Ltd is the subsidiary of the Company. The Company has presence in Indonesia and Singapore.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5WE)

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Q1. As disclosed in the Corporate Profile, the group is one of the largest water treatment companies in Indonesia with total installed water treatment capacity of approximately 14,000 liters per second ("lps"). The chairman & CEO have highlighted that there is huge growth potential in Indonesia's water sector as the government has set the goal of achieving universal access to water supply and sanitation by the end of 2019.

While the group is well poised to ride the trend, the company has also established two new subsidiaries in August and October 2018, namely Moya Energy Holdings Pte. Ltd. ("MEH") and Moya Energy Asia Pte. Ltd. ("MEA"), to expand its business into the power generation business, mainly focusing on investment and development of renewable energy.

While having diversification to the group's operations is on paper beneficial, shareholders would like to ask if the group would be able to support multiple avenues of growth. Specifically:

(i) **Does the group have the expertise and track record in the power generation segment, in particular renewable energy?**

(ii) **Given the growth plans in the water business, how much management bandwidth is available to drive the new business?**

(iii) **Would the group be targeting its new renewable business in Indonesia or would it be in other South East Asian countries?**

(iv) Having carried out a rights issue that raised $132 million, the gearing was reduced from 71% to 35% as at 31 December 2018. **How would the group be funding the diversification to the power generation business without overstretching the group's balance sheet?**

Q2. The group's trade receivables is shown in the table below, with the expected loss provision according to SFRS(I) 9:

As at 31 December 2018	Current $'000	Past due: Within 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	More than 90 days $'000	Total $'000
Group						
Trade receivables						
Expected loss rate	0.42%	0.55%	2.00%	7.30%	7.60%	2.40%
Trade receivables	13,288	10,086	1,896	3,006	5,944	34,220
Loss allowance	(56)	(55)	(38)	(219)	(452)	(820)

Other than the above, there are no credit loss allowance for other financial assets as at 31 December 2018.

(Source: Company annual report)

(i) **Can management confirm that when a counterparty fails to make contractual payments within 180 days when they fall due, the group considers this a default and writes off the receivables thereafter?**

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(ii) As such, would the last band of trade receivables be "90 to 180 days"?

(iii) Would management help shareholders understand the basis of using expected loss rate of up to 7.6%?

(iv) What was the amount of trade receivables written off after 180 days in FY2018?

Q3. As disclosed in Note 27A (page 129 – Currency risk), the group has its assets predominantly in Indonesia receiving cash flow in IDR. The group is exposed to currency risk arising from IDR and USD, primarily with respect to borrowings, cash and cash equivalents and intra-group receivables and payables.

The group had taken an Acquisition Loan of USD240 million that has been fully paid up.

(i) Would the board help shareholders understand why it had used an acquisition loan that was denominated in USD? Was it a position taken by the board/management given its view of the currency movement?

The bulk of its borrowings is in the form of a syndicated bank loan of IDR3.175 trillion.

(ii) Does the group have a strict framework to match the currency of the cash flow with the currency of the loan so that the group will not be exposed to currency risks?