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

**Issuer:** Moya Holdings Asia Limited

**Stock code:** 5WE

**Meeting details:**
Date: 23 April 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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**Q1**. The group currently operates three water concession projects through PT Aetra Air Jakarta, PT Aetra Air Tangerang and PT Moya Indonesia, and bulk water project through PT Acuatico Air Indonesia. The group also has six Build-Operate-Transfer (BOT) projects under PT Moya Bekasi Jaya, PT Moya Tangerang, PT Moya Makassar, PT Air Semarang Barat, PT Tirta Kencana Cahaya Mandiri and PT Tirta Traya Cisadane.

Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

(i) **Obor Infrastructure: Has the integration of Obor been successfully concluded? With nine months of ownership since the acquisition, has Obor's operational and financial performance met management's expectations?**

(ii) **Batam: Can management help shareholders understand if the group's Batam project is solely for a six-month transition period?** The group had announced that it had won a water supply system project tender to manage on behalf of BP Batam (Batam Free Trade Zone and Free Port Authority) the operation and maintenance of water supply system in Batam during the transition period of six months starting from 15 November 2020 until 14 May 2021. **Are there opportunities for the group to take over the long-term management of the plant?**

(iii) **Renewable energy: Has the group evaluated any renewable energy projects? How does the group source for deals and acquisitions? Can the group briefly explain the rationale to venture into this particular segment which is also capital intensive? Are there synergies with its current operations?**

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**Q2.** The review of the group's financials is shown on pages 20 to 25 and the consolidated statement of cash flow is reproduced below (page 25):

| Consolidated Statement of Cash Flow | FY2020 S$'000 | FY2019 S$'000 |
|---|---|---|
| Cash flows provided by operating activities | 80,565 | 75,452 |
| Cash flows used in investing activities | (62,602) | (34,200) |
| Cash flows used in financing activities | (61,060) | (56,209) |
| Net decrease in cash and cash equivalents | (43,097) | (14,957) |
| Cash and cash equivalents at beginning of year | 101,544 | 115,570 |
| Net effect of exchange rate changes in cash | (120) | 931 |
| Cash and cash equivalents at end of year | 58,327 | 101,544 |

(Source: company annual report)

Revenue for the year was $240.1 million (FY2019: $205.8 million) while profit for the year was $36.6 million (FY2019: $17.0 million). In FY2020, the group made payments of interest of $25.2 million (FY2019: $27.8 million). As disclosed in Note 28E (page 119 – Financial risk management: Capital risk), total borrowings amounted to $229.6 million (FY2019: $246.5 million).

(i) **Can the directors help shareholders understand the current borrowing costs?** Details of the borrowings can be found on pages 106 to 112. Typical rates are ~10% or based on JIBOR + a spread of 3.5-5% (with a minimum of 9%). **How can the group reduce its borrowing costs?**

(ii) **What is the return on investment/hurdle rate used in the board approval process for new investments?**

(iii) Most of the group's long-term borrowings are charged with floating interest rates (page 113 – Fair value of borrowings). **Has the board evaluated the group's interest rate risks? If so, are there cost-effective ways for the group to better manage its interest rate risks?**

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**Q3.** On page 119, the group disclosed that its gearing ratio calculated as net debt divided by total capital is 34%. The net debt-to-equity ratio is 51%.

| | Group | |
|---|---|---|
| | 2020 S$'000 | 2019 S$'000 |
| Borrowings | **229,588** | 246,521 |
| Less: Cash and cash equivalents | **(58,327)** | (101,544) |
| Net debt | **171,261** | 144,977 |
| Total equity | **335,433** | 288,627 |
| Total capital | **506,694** | 433,604 |
| **Gearing ratio** | **34%** | 33% |

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

(Source: company annual report)

(i) **Has the board set a limit to the group's leverage?**

(ii) **Given the current financial position, does the group have sufficient capital to support its growth objectives?**

In FY2020, revenue increased by 16.7% to $240.1 million and trade receivables increased by 24.5% from $38.0 million in FY2019 to $47.3 million.

(iii) **Does management see evidence that collection of trade receivables is slower? What are the ways the group can improve on the collection of receivables from customers?**

As seen from the financial highlights (page 20), the group's revenue has increased from $27.4 million to $240.1 million from FY2016 to FY2020. Over the same period, the group reported strong gross profits, EBITDA, net profit and EPS. The company does not have a fixed dividend policy (page 46). For FY2020, the board did not recommend any dividends to be declared as it deems it appropriate to retain cash for the group's capital expenditure and for the group's future growth.

(iv) **What deliberations did the board have over the recommendation of dividend for FY2020?**

(v) **How does the board intend to balance the need to retain cash in the group to support its growth and the need to provide steady returns in the form of regular dividends to shareholders?**

Separately, the group managed to grow inorganically through acquisitions, notably Acuatico Pte Ltd and its subsidiaries and Obor Infrastructure Pte. Ltd. and its subsidiaries.

(vi) **How does the group ensure that they are not over-paying for these assets (and any prospective acquisitions)?** Goodwill impairment assessment and purchase price allocation have been identified as key audit matters by the independent auditor.

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[1^]On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

**Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website**

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[1^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)