Moya Holdings Asia Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201301085G)

THE ACQUISITION OF ACUATICO PTE. LTD. AND ITS SUBSIDIARIES

1 INTRODUCTION

The board of directors (the "**Board**") of Moya Holdings Asia Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Moya Indonesia Holdings Pte. Ltd. ("**Purchaser**" or "**MIH**"), had on 8 June 2017 executed and completed a share purchase agreement, together with all relevant documents ("**SPA**") with (i) Avenue Luxembourg S.A.R.L. ("**Avenue**") and (ii) Hagerty Investments Ltd (“**Hagerty**”) (together, the "**Vendors**") for the acquisition by the Purchaser of all the issued and paid-up ordinary shares in the capital ("**Sale Shares**") of Acuatico Pte. Ltd. ("**Acuatico**", and together with its subsidiaries, the "**Target Group**") from the Vendors (the "**Acquisition**").

2 INFORMATION RELATING TO THE ACUATICO GROUP

Acuatico is an investment holding company incorporated in Singapore on 21 July 2006. Based on information provided by the Vendors, the Target Group is in the business of developing and operating water treatment facilities and associated distribution pipelines for the distribution of clean water. Currently, the Target Group’s operations are entirely in Indonesia.

Based on the Target Group’s audited consolidated financial statements as at 31 December 2016, it recorded (i) net profit before tax of approximately US$25.76 million for the financial year ended 31 December 2016 ("**FY2016**"), (ii) a deficit net book value of approximately US$25.78 million as at 31 December 2016, and (iii) net tangible liabilities of approximately US$133.71 million as at 31 December 2016. No independent valuation of the Target Group was available as at the date of the SPA.

3 PRINCIPAL TERMS OF THE ACQUISITION OF THE SALE SHARES

Pursuant to the SPA, the Purchaser has paid approximately US$92.87 million (the “**Purchase Consideration**”) to the Vendors for the Sale Shares, funded by way of a combination of borrowings from financial institution(s) and internal cash resources of the Group. The completion took place on the date of signing of the SPA, and all completion terms were satisfied.

The Purchase Consideration was arrived at, on a willing-buyer and willing-seller basis, as part of a competitive bid process and after taking into account the enterprise value of the key assets of the Target Group, as well as the potential synergistic benefits to the Group arising from the Acquisition.

4 RATIONALE FOR THE ACQUISITION

The Board believes that the Acquisition is in the interests of the Company and will enhance shareholders' value in the long term. The Group and the Target Group are in a similar business and the Acquisition is in line with the Group's long-term growth strategy to expand its business. The Acquisition will expand the Group's production capacity and business reach. With this, the Company will be able to multiply the asset base of the enlarged Group and widen its shareholder base, hence attracting more interest from the investment community focused on the water infrastructure sector in Indonesia.

5 CHAPTER 10 OF THE CATALIST RULES

5.1 Relative Figures under Rule 1006 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST")

The relative figures for the Acquisition and the Assignment (as defined below) (collectively, the "**Transactions**") computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable(1)
(b)	The net profits(2) attributable to the Target Group, compared with the Group's net profits	803%(3)
(c)	The aggregate value of the consideration given for the Transactions, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	95%(4)
(d)	The number of equity securities to be issued by the Company as consideration for the Transactions, compared with the number of equity securities of the Company previously in issue	Not applicable(5)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves	Not applicable(6)

Notes:

(1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.

(2) Net profits is defined to be profit or loss before income tax, non-controlling interests and extraordinary items.

(3) The Target Group's unaudited consolidated financial results for the three-month financial period ended 31 March 2017 ("**1QFY2017**") have not been furnished to the Company. As such, the Company is not able to set out the relative figure for Rule 1006(b) based on its latest announced consolidated accounts for 1QFY2017, which was announced by the Company on SGXNET on 2 May 2017. Accordingly, the relative figure for Rule 1006(b) has been computed based on (a) the Target Group's audited net profits for FY2016 of approximately S$35.57 million (or approximately US$25.76 million based on an average exchange rate of US$1.00:S$1.3810); and (b) the Group's audited consolidated net profits for FY2016 of S$4.43 million.

(4) The aggregate consideration given for the Transactions was approximately US$245.18 million (or approximately S$338.74 million based on an exchange rate of US$1.00:S$1.3816 ("**Total Consideration**"), being the sum of the Purchase Consideration of approximately US$92.87 million and the Assignment of approximately US$152.31 million (as described in section 6 of this announcement).

The Company's market capitalisation was approximately S$358.24 million which is based on its total number of issued ordinary shares ("**Shares**") of 2,800,923,962 and the weighted average price of S$0.1279 per Share on 7 June 2017, being the last traded market day prior to the date of the SPA.

(5) This basis is not applicable to the Transactions as no equity securities are to be issued as part of the consideration for the Transactions.

(6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure set out in Rules 1006(b) of the Catalist Rules exceeded 100%, the Transaction constitute a “very substantial acquisition” within the meaning of Rule 1015 of the Catalist Rules. However, the Company has sought and obtained a waiver of Rule 1015 of the Catalist Rules in relation to the Transactions from the SGX-ST on 3 March 2017 (the "**VSA Waiver**"). Please refer to Paragraph 6.2 of this announcement for details of the VSA Waiver. Pursuant to the VSA Waiver, the Transactions would be considered a "major transaction" pursuant to Rule 1014 of the Catalist Rules.

5.2 Waiver Application

In February 2017, the Company made an application to the SGX-ST for a waiver from complying with Rule 1015 and Rule 1014(2) of the Catalist Rules in respect of the Transactions (the "**Waiver Application**").

5.2.1 The bases for the VSA Waiver in respect of Rule 1015 of the Catalist Rules were as follows:

(a) <u>Target Group is in a similar business as that of the Group</u>

The Group and the Target Group are in a similar business, which is the development and operation of water treatment facilities and pipelines as well as the distribution of clean water primarily in Indonesia. As such, the Acquisition is an acquisition of water treatment facilities and water distribution infrastructure as well as an expansion of the Company's existing core business, in line with its expansion strategy. The main difference in the businesses of the Group and the Target Group is that the Group distributes water to municipal councils (which will then be distributed by the municipal councils to end-consumers) whereas the Target Group distributes water to both municipal councils and end-consumers.

(b) <u>Acquisition is effectively a purchase of assets</u>

The Acquisition is effectively a purchase of a portfolio of assets (which are in respect of water treatment and water distribution projects in Indonesia, similar to the Group's) to expand the Group’s production capacity and business reach. The Company will not be bringing the existing management team of the Target Group into the Group's existing operations.

(c) <u>No significant change in the Company's risk profile</u>

The Board is of the view that the Acquisition would not materially change the risk profile of the Group based on the following reasons:

(i) No change in control of the Company

The Acquisition will not result in a change in control of the Company as the Acquisition does not involve any issue of Shares and the Vendors will not have any board or management representation in the Company as a condition of the Acquisition.

(ii) No significant adverse impact on the Group's earnings, working capital and gearing

The Acquisition is made in the ordinary course of business and will not result in a material change to the nature of the Group's business. Notwithstanding that the net gearing of the Group may increase in the short term, the Board believes that the Transactions will not have a significant adverse impact on the Group's earnings and working capital after completion.

(iii) *No expansion of the Company's business to a new geographical market and/or a new business sector*

The assets and revenue stream of both the Group and the Target Group are largely in respect of water treatment projects in Indonesia. Accordingly, the Acquisition will not result in any material change to the Group's existing business profile but instead, presents opportunities for the Group to expand its core business and augments its strategic position in the Jakarta municipal water treatment market.

In terms of its geographical market, the Group and the Target Group derive revenue primarily from their water treatment operations in Greater Jakarta, Indonesia, and have similar core businesses.

In view of the above, the Board is of the view that the Acquisition will not result in an expansion of the Company's business to a new geographical market and/or a new business sector.

5.2.2 Rule 1014(2) of the Catalist Rules states that “a major transaction must be made conditional upon approval of shareholders in a general meeting”. In the Waiver Application, the Company had applied for a waiver from complying with the requirements under Rule 1014(2) of the Catalist Rules in respect of the Transactions ("**EGM Waiver**").

The bases for the EGM Waiver were as follows:

(a) The Acquisition is part of a competitive bid process involving several other bidders. The time-sensitive nature of the competitive bid process meant that if the Company was required to seek the prior approval of its shareholders ("**Shareholders**") for the Acquisition, it would have been disadvantaged and this could have negatively impacted the Company’s chances of success in the tender. As such, the Board was of the view that it was to the benefit of Shareholders to be able to expeditiously complete the Acquisition and to take advantage of such opportunity.

(b) The controlling Shareholders of the Company, namely Tamaris Infrastructure Pte. Ltd and Moya Holding Company B.S.C., holding in aggregate approximately 79.2% interest in the Company as at the date of the Waiver Application and date of this announcement, had provided irrevocable undertakings to the Company to (i) vote in favour of the Acquisition; and (ii) not to decrease their current shareholdings in the Company until after the extraordinary general meeting ("**EGM**") had been convened ("**Irrevocable Undertakings**"). Accordingly, the resolution would have duly passed even if a Shareholders' meeting were to be required for the purposes of approving the Acquisition prior to completion.

5.2.3 On 3 March 2017, the Company received approval from the SGX-ST that it has no objection to granting the VSA Waiver and the EGM Waiver (collectively, the "**Waivers**") as set out in the Waiver Application, having taken into account, *inter alia*, the following:

(a) the Company will appoint an independent valuer to value the Target Group and disclose the valuation report in the Shareholders' circular in respect of the Acquisition; and

(b) the Company shall commission a review of internal controls of the enlarged Group within three (3) months from signing of the SPA, and complete the review within the next three (3) months.

The Waivers are subject to:

(a) compliance with Rule 1014 of the Catalist Rules in respect of the Acquisition;

(b) the Company convening an EGM to seek Shareholders' ratification for the Acquisition within three (3) months from the date of the SPA;

(c) the Company obtaining declarations containing information in Appendix 7F of the Catalist Rules from the Company's Directors, executive officers and controlling shareholders as well as from the Target Group's management team, and making necessary disclosures in the Shareholders' circular;

(d) the Company procuring written undertakings from Shareholders holding more than 50% of the share capital (or such requisite shareholding level) before the date of the SPA, to vote in favour of the Acquisition, such that the resolution would have been duly passed even if a Shareholders' meeting is required for the purposes of approving the Acquisition. Such Shareholders also have to undertake to maintain their shareholdings until after the EGM;

(e) the Company making an announcement, as soon as practicable, on the Waivers granted by the SGX-ST. The announcement must include the reasons for the Company's application and the conditions, if any, attached to the Waivers and as required under Rule 106 of the Catalist Rules;

(f) submission of a written confirmation from the Company that the Waivers do not contravene any laws and regulations governing the Company and the articles of association of the Company; and

(g) submission of a written confirmation from the Company that it is not aware of any other material information (including but not limited to financial information) that will have a material bearing on investors' decision which has yet to be announced by the Company.

In respect of (d) above, the Company procured the Irrevocable Undertakings before the date of the SPA.

6 DEBT REFINANCING

The Target Group has in effect refinanced its existing loans in the principal amount of approximately US$152.31 million (the "**Refinancing**") via the assignment to the Purchaser (the "**Assignment**"). The Assignment utilized the Purchaser's banking facilities arrangement as announced by the Company on 8 June 2017 relating to the disclosures pursuant to Rules 704(33) and 728 of the Catalist Rules.

7 FINANCIAL EFFECTS OF THE TRANSACTIONS

The unaudited pro forma financial effects of the Transactions on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Transactions.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2016 and the audited consolidated financial statements of the Target Group for FY2016, as well as the following bases and key assumptions:

(a) the financial effects on the consolidated net asset value ("**NAV**") per Share is computed based on the assumption that the Transactions were completed on 31 December 2016;

(b) the financial effects on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Transactions were completed on 1 January 2016;

(c) the Total Consideration were financed entirely by external borrowings obtained by the Group, obtained on 1 January 2016, and the interest expenses thereon have been imputed in the computation of the financial effects of the Transactions on the EPS and gearing ratio;

(d) the assets and liabilities of the Target Group are based on book value and no fair valuation exercise has been undertaken in respect of such assets and liabilities, and accordingly, the difference between the Total Consideration and the fair values of the net assets of the Target Group is the goodwill amount. As the final goodwill/bargain purchase will have to be determined at completion, the actual goodwill/bargain purchase could be materially different from the amount derived based on the assumption used;

(e) the audited consolidated financial statements of the Target Group for FY2016 are reported in US$, and (i) for the translation of the profit and loss items, the US$ amounts have been converted into S$ at the exchange rate of US$1.00:S$1.3810 (which represents the average exchange rate for FY2016); and (ii) for the translation of the balance sheet items, the US$ amounts have been converted into S$ at the exchange rate of US$1.00:S$1.4468 (which represents the closing exchange rate as at 31 December 2016); and

(f) 100% effective ownership of the Target Group on the basis of arrangements with an entity, that is indirectly controlled by our Indonesian Directors, which is holding a 5% minority shareholdings interest in the Indonesian subsidiaries of the Target Group.

7.1 NAV per Share

As at 31 December 2016	Before the Transactions	After the Transactions
NAV(1) (S$'000)	122,550	122,707
Number of Shares ('000)	2,800,924	2,800,924
NAV(1) per Share (cents)	4.38	4.38

Note:-

(1) NAV means total assets less the sum of total liabilities and non-controlling interest.

7.2 EPS

	Before the Transactions	After the Transactions
Net profit attributable to the Shareholders of the Company for FY2016 (S$'000)	2,904	17,514
Weighted average number of Shares ('000)	2,696,174	2,696,174
EPS (cents)	0.11	0.65

7.3 Gearing

As at 31 December 2016	Before the Transactions	After the Transactions
Net borrowings/(cash)[1] (S$'000)	(58,459)	302,909
Total equity (S$'000)	122,987	123,144
Gearing[2] (time)	(0.48)	2.46

Notes:-

(1) Net borrowings mean total borrowings less cash and bank balances (including restricted cash in bank). Net cash means cash and bank balances are more than total borrowings.

(2) Gearing refers to the ratio of "Net borrowings/(cash)" to "Total equity".

8 DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

As at the date hereof and save as disclosed above, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Transactions (other than through their respective shareholdings in the Company, if any).

9 CIRCULAR TO SHAREHOLDERS

A circular setting out further information on, *inter alia*, the Transactions and the notice to convene the EGM for the purpose of seeking Shareholders' ratification for the Transactions will be despatched to Shareholders in due course.

10 SERVICE CONTRACTS

At the time of this announcement, no person is proposed to be appointed as a director of the Company in connection with the Transactions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11 DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 112 Robinson Road, #05-01, Singapore 068902 for a period of three (3) months from the date of this Announcement.

By Order of the Board
Moya Holdings Asia Limited

Simon A Melhem
Executive Director

11 June 2017

*This announcement has been prepared by Moya Holdings Asia Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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