



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

Issuer: NauticAWT Limited

Stock code: 42D

Meeting details:

Date: 30 April 2021

Time: 11.00 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.

Q1. The company was designated a cash company with effect from 11 December 2020 as the company no longer has any revenue-generating business.

As a result, pursuant to Rule 1017(1)(a) and (b) of the Catalist Rules, the company has to place 90% of its cash and short dated securities in an escrow account and it has to provide a monthly valuation of its assets and utilisation of cash, and quarterly updates of its plans and milestones in obtaining a new business to the market via the SGXNET.

- (i) **Has the cash and short dated securities been placed in an escrow account as required by the Catalist rule?**

In the chairman's statement, it was also disclosed that the company has identified a potential education business in Thailand as an acquisition target and has submitted a pre-clearance application to SGX.

- (ii) **Should the company proceed with the potential acquisition of an education business in Thailand, can management map out the estimated timeline?**
- (iii) **What is the risk that SGX will suspend the trading of the company's shares? Have the company's directors, controlling shareholders, chief executive officer and their associates given their contractual undertakings to observe a moratorium on the transfer or disposal of all their interests, direct and indirect?**
- (iv) **What are the risks that the company will not be able to acquire a business within the 12-month period given by SGX?**

Q2. On 18 April 2021, the company announced that there are material variances between the unaudited financial statements and the audited financial statements for the financial year ended 31 December 2020 following the finalisation of audit.

The announcement on the unaudited financial results for the financial year ended 31 December 2020 was first released via SGXNet on 26 February 2021. The announcement on the material variance came more than 7 weeks after the company first announced the unaudited financial statements.

The changes, following the finalisation of audit, include lower share of losses for the associate, lower accumulated losses, lower comprehensive loss and lower comprehensive income.

The company announced material discrepancies between the unaudited and the audited financial statements for the past three financial years, i.e. financial year ending 31 December 2020, ending 31 December 2019 and ending 31 December 2018.

Date & Time	Issuer Name	Security Name	Title	Category
18 Apr 2021 08:10 PM	NAUTICAWT LIMITED	NAUTICAWT LIMITED	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
15 Apr 2020 10:32 PM	NAUTICAWT LIMITED	NAUTICAWT LIMITED	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
12 Apr 2019 09:24 PM	NAUTICAWT LIMITED	NAUTICAWT LIMITED	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements

(Source: company annual report)

- (i) **Is the group and its officers familiar with the Singapore Financial Reporting Standards (International) (SFRS(I))?**
- (ii) **How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Act and financial reporting standards?**
- (iii) **Has the audit committee (AC) evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**
- (iv) **What changes have been made/will be made to the group's financial reporting systems and processes? Will the AC be taking ownership to oversee the improvement of the financial reporting function?**
- (v) **How did the board assess that the members of the AC are appropriately qualified and possess the relevant accounting or related financial management expertise or experience to discharge their responsibilities, especially as the company is looking to acquire a new business?**

Q3. In the Report on the audit of the financial statements, the independent auditors have stated that they do not express an opinion on the accompanying consolidated financial statements of the group and statement of financial position of the company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of the report, the independent auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

The basis for disclaimer of opinion are:

- Purchase price allocation exercise on acquisition of associate
- Recoverable amount of investment in an associate
- Unaudited financial information of associate

The associate in question is the Chokdee Dimsum Corporation Company Limited ("Chokdee"), a restaurant in Thailand. The company announced the completion of the acquisition of a 35% equity interest on 10 January 2020 for a consideration was THB70 million (approximately equivalent to US\$2,274,000).

- (i) **Can management elaborate further on the efforts it made to appoint a suitable professional valuer?**
- (ii) **What advice or support had the sponsor given to the company?**
- (iii) **Has the company appointed a suitable professional valuer?**
- (iv) **When will the audit of the associate be completed by the component auditor?**
- (v) **Separately, has the board ensured that the necessary financial and human resources are in place for the company to meet its objectives and that it has established a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets?** The board appears to have issues particularly with its financial reporting even though the company is deemed a cash company and currently has only one associate. The proposed acquisition of the education business in Thailand would likely be a major acquisition or even be considered a reverse takeover.

[^]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.

[^] 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>)



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