



GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors ("**Board**") of Grand Banks Yachts Limited ("**Company**", and together with its subsidiaries, "**Group**") refers to its annual report in respect of the financial year ended 30 June 2021 ("**2021 Annual Report**"). Capitalised terms not otherwise defined herein shall have the meanings ascribed in the 2021 Annual Report. In this regard, the Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX**") on 21 October 2021 as follows:

SGX Query (a)

Provision 9.2 of the Code of Corporate Governance 2018 (the "Code") states that "The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems."

Listing Rule 710 states that "An issuer must describe in its annual report its corporate governance practices with specific reference to the principles and the provisions of the Code. An issuer must comply with the principles of the Code. Where an issuer's practices vary from any provisions of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle."

We note that the Company has disclosed on page 35 of its 2021 Annual Report:- "The RMAC and the Board have received assurance from the CEO and Management in respect of FY2021 that the internal controls provide reasonable but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives."

Please make disclosure as required under Listing Rule 710, in particular, whether the Board has received assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

Company's Response to SGX Query (a)

The RMAC and the Board have obtained the assurance from the CEO and Management regarding the adequacy and effectiveness of the Company's risk management and internal control systems in respect of FY2021. The Board notes that any system of internal controls can only provide reasonable,

but not absolute, assurance that the Group would not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. Therefore, the Board recognises the limitations that are inherent in any system as this control system is designed to manage rather than eliminate risk of failure to achieve corporate objectives.

SGX Query (b)

Please provide the information as required under Listing Rule 907.

Company's Response to SGX Query (b)

With reference to Page 48 of the 2021 Annual Report, the interested person transactions during the year were:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during FY2021 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions during FY2021 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Mark Jonathon Richards - Lease of manufacturing facility in Berkeley Vale, Australia to a subsidiary by an entity controlled by him. The lease expired on 28 February 2021. The monthly rental amount of approximately S\$22,000, was based on independent valuation.	Executive Director and Chief Executive Officer of the Company	177	0

SGX Query (c)

Listing Rule 1207(10) provides that:- "The annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including at least the following:— The board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them."

Please address the disclosure requirements under Listing Rule 1207(10).

Company's Response to SGX Query (c)

As disclosed under Guideline 9.2 on page 35 of the 2021 Annual Report:

"The IA is satisfied with reasonable assurance that the systems of internal controls in place were adequate and effective to achieve the internal control objectives, as well as address the financial, operational, information, technology and compliance risk of the Group in FY2021.

The Board is thus satisfied with the adequacy and effectiveness of the Group's risk management and internal control systems including financial operational, strategic, compliance and information technology controls."

The Board would add that the RMAC concurs with the Board's satisfaction with the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, strategic, compliance and information technology controls.

SGX Query (d)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your 2021 Annual Report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's Response to SGX Query (d)

The Company recognizes and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. The Board is committed to achieving an appropriate balance of diversity and mix of skills, experience, gender, age and the core competencies of accounting, legal and regulatory, business or management experience and industry knowledge to avoid group-thinking and foster constructive debate.

As disclosed under Guideline 2.4 on pages 19 and 20 of the 2021 Annual Report:

- *"The NC has continuously reviewed the size and composition of the Board and Board Committees, including the skills and core competencies of each Director to ensure an appropriate balance and diversity of skills and experience for effective decision-making.*

The NC also takes into consideration the environment the Group operates in, the size and complexity of the operations in determining the Board size and composition."

- *"The NC periodically reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board.*

This assists the NC in identifying and nominating suitable candidates for appointment to the Board.”

- *“The three independent directors and one non-independent and non-executive director are respected professionals drawn from a broad spectrum of expertise which enables them, in their collective wisdom, to contribute effectively and provide a balance of views at both the Board and the respective Board Committee meetings.”*

- *“The Board seeks diversity in Board composition and has members with accounting, financial background and from diverse industries and geographical markets, including the boat industry and the Group’s key markets such as the USA and Australia. The Board recognises the need for gender diversity and will consider favourably a female board member at the next board renewal exercise.”*

While the Company has not adopted a formal board diversity policy, the Board is of the view that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.

Notwithstanding the foregoing, the Company recognises that there are many dimensions to board diversity, including Director age, industry experience, education and training, background, nationality and gender. The Board will adopt a board diversity policy by 31 March 2022, pursuant to which it is contemplated that the Nominating Committee will seek to identify suitable female candidates to include for consideration whenever it seeks to identify a new director to the Board. Having said that, gender is but one aspect of diversity and a new director will continue to be selected on the basis of his/her skills, experience, knowledge, insights and relevant to the Board.

By Order of the Board

Mark Richards
Chief Executive Officer

25 October 2021