



# *STEERING AHEAD WITH CONFIDENCE*

ANNUAL REPORT 2022



GRAND BANKS YACHTS LIMITED

# ABOUT GRAND BANKS YACHTS LIMITED

Grand Banks, a renowned manufacturer of luxury recreational motor yachts for over 60 years, has designed and developed vessels that have become icons among boaters across the globe. While staying true to this heritage, Grand Banks continues to defy the expectations of yachtsmen with its timeless style, unique innovation and unyielding commitment to quality.

The Group manufactures yachts under the Grand Banks, Eastbay and Palm Beach brands out of its manufacturing yard at Pasir Gudang, Johor, Malaysia and provides customer support out of its service yards at Stuart, Florida, USA and Newport, New South Wales, Australia. The yachts, which range between 42 feet and 85 feet, have a reputation for impeccable quality that delivers unrivalled performance.

Grand Banks was listed on the Singapore Exchange Limited ("SGX") in 1987 and upgraded to the Mainboard in 1993.





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# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report of Grand Banks Yachts Limited ("Grand Banks" or the "Group") for the financial year ended 30 June 2022 ("FY2022"). Beyond the commendable financial scorecard, this reporting period reflects resilience and determination in the face of the intense challenge of the COVID-19 pandemic, as well as management's ability to secure a record high net order book.

At the beginning of FY2022, our manufacturing facility in Pasir Gudang saw almost two and a half months of disruptions to operations, due to the Movement Control Orders imposed by the Malaysian Government in response to the pandemic. This led to a net loss in 1H FY2022.

However, as movement restrictions eased and operations resumed, we recorded a strong recovery in 2H FY2022. The Group recorded a net profit of S\$4.7 million in the second half, an almost 20-fold increase compared to S\$0.2 million a year ago and propelled Grand Banks to record a net profit of S\$4.0 million for the full year (FY2021: S\$4.2 million) – our seventh consecutive year of profitability.

The Group recognised revenue of S\$75.2 million for FY2022, a 21.7% decrease compared to FY2021, mainly due to the disruptions at the Pasir Gudang yard. Despite the lower top line, gross profit margin increased to 26.6% in FY2022 from 21.5% in FY2021, explained by the absence of lower margin trade-in boat sales in the year under review.

Despite the challenges of the pandemic, yachting remains popular. Travel restrictions imposed during the pandemic presented yachting as an attractive alternative to leisure travel for high net-worth individuals.

Our ability to pivot our operations and marketing strategy amid the challenges has shown results. The Group recorded 31 new boat orders in FY2022, lifting our net order book to an all-time high of S\$182.9 million as of 30 June 2022. This also reflects the positive market reception of our boat models. As we continue to introduce luxury boats which are bigger – yet sleeker and more energy-efficient – we are confident these models will continue to sell well amid rising fuel costs and emphasis on sustainability.

Despite a lower net profit for the year, the Board of Directors has proposed a final dividend of 0.5 Singapore cent per ordinary share to reward shareholders for their continued faith in our long-term value proposition.

While COVID-related restrictions around the world have progressively eased, the operating environment remains challenging. Disruptions to sea freight have increased logistics costs, while geopolitical conflicts and supply chain issues have driven up the cost of raw materials. The Group is closely monitoring geopolitical developments and the impact of rising interest rates on buying sentiments.

During the reporting period, to further strengthen Grand Banks' position in the USA, customer service and delivery





## CHAIRMAN'S STATEMENT

facilities in Florida have been significantly improved and expanded. Today, Grand Banks offers first-class marine service facilities tailored to the Group's product range, which is well appreciated and valued by our USA customers.

Barring further disruptions, we expect business momentum to continue to improve, as the Group will be kept busy fulfilling orders. We expect to increase headcount at the Pasir Gudang yard to meet delivery schedules. Grand Banks continues to invest in upgrading our machinery and facilities as we develop new models and improve shopfloor efficiency.

On behalf of the Board, I would like to thank our business associates and clients for their unwavering support. I would also like to express my gratitude to our employees for their hard work and perseverance throughout the on-off disruptions at the yard. In particular, I would like to thank our Chief Executive Officer Mark Richards and his determined team of yachtsmen, for navigating the Group to another year of profitability in the face of the pandemic.

Last but not least, to our shareholders, thank you for your trust in Grand Banks through the years. Your support motivates us to continue adding value to our stakeholders, and I am confident Grand Banks will emerge from the pandemic stronger than ever.

In appreciation,

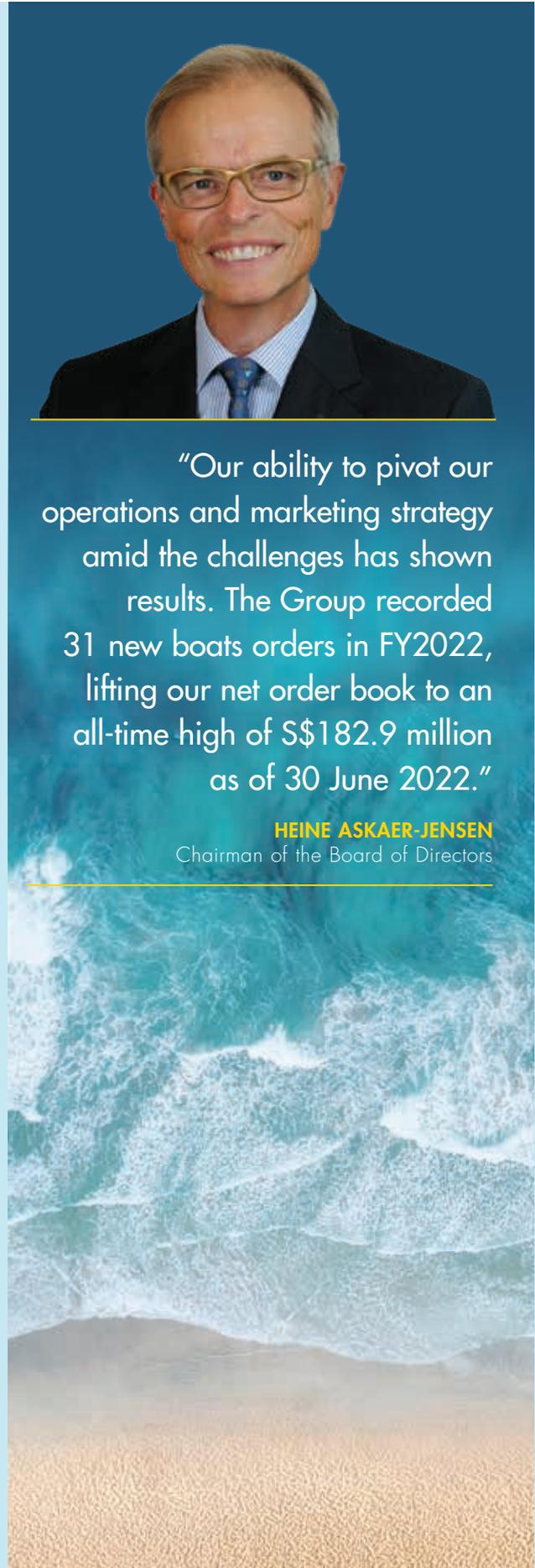
### **HEINE ASKAER-JENSEN**

*Chairman of the Board of Directors*



"Our ability to pivot our operations and marketing strategy amid the challenges has shown results. The Group recorded 31 new boats orders in FY2022, lifting our net order book to an all-time high of S\$182.9 million as of 30 June 2022."

**HEINE ASKAER-JENSEN**  
Chairman of the Board of Directors





## CEO'S MESSAGE

### DEAR SHAREHOLDERS,

FY2022 marked the second year that we had to face the immense challenges of the COVID-19 pandemic. With the health and safety of our workers as a top priority, we maintained strict health checks, and implemented a private vaccination program sponsored by the Group for all workers who were unvaccinated. While we detected some cases of infection among our workers, we are now equipped with a more resilient workforce.

Our greater challenges were in dealing with the Movement Control Orders (MCO) issued by the Malaysian Government starting on 1 June 2021. For the whole of FY2022, we recorded MCO-related work stoppages of almost 2.5 months in the first quarter (July-September 2021).

During the operational halts, employees took medical and annual leave, and the Group paid partial salary for days not covered by leave. I am grateful for the diligence, patience and understanding of the management and the entire Grand Banks team during this traumatic period.

Due to the prolonged shutdown in 1Q FY2022, the Group was unable to progress construction of pre-sold boats, thereby affecting revenue recognised that is based on percentage of completion. As a result, we recorded a loss for that quarter and for 1H FY2022.

As the impact of the global pandemic began to ease, work at Pasir Gudang resumed on 12 September 2021. However, upon detection of infection cases, work at the yard was temporarily halted between 21 to 28 February 2022.

By contrast, the second half was a period of sequential recovery in several ways. Shopfloor downtime was reduced as our team raced to make up for lost production time. As

travel restrictions eased, the marketing team stepped up participation in physical boat shows, sensing that despite the negative news of the pandemic globally, demand for luxury boats would remain firm.

With improved production and delivery schedules, we recorded revenue of S\$75.2 million for the whole of FY2022 (FY2021: S\$96.1 million), despite less than 10 months of production. Despite the lower topline, gross profit margin increased to 26.6% in FY2022 from 21.5% in FY2021, attributed to the absence of trade-in boat sales.

The strong recovery in the second half lifted net profit to S\$4.7 million for 2H FY2022, reversing the net loss of S\$0.7 million in 1H FY2022. We closed FY2022 with a net profit of S\$4.0 million, our seventh consecutive year of profitability.

Long bouts of travel restrictions raised the appeal of boating without the need for quarantines. At the same time, our boats are gaining a reputation for design quality, style, sleekness and fuel efficiency. We have continued to introduce bigger yachts that retain the timeless design that Grand Banks is known for. In March 2022, we unveiled our biggest boat to date, the Grand Banks 85, at the Palm Beach International Boat Show in the USA.

The gradual reopening of borders made it possible for us to present our yachts directly to customers at physical boat shows. Combined with our earlier efforts to enhance digital engagement through 360-degree virtual boat tours and targeted advertising, our customer outreach has increased significantly post-pandemic.

As a result, by the end of FY2022, we recorded 31 new boat orders and a record-high net order book of S\$182.9





# CEO'S MESSAGE

million. Indeed, the year under review is not just a tale of two halves. It is also a prelude to the hard work for the year ahead when we have to double down to meet production schedules. All told, it was a hard-fought achievement which underscores the resilience and teamwork of the Group in spite of the challenging operating environment. To thank our shareholders for their support throughout this difficult year, the Board of Directors has proposed a dividend of 0.5 Singapore cent per ordinary share for the year.

During the pandemic, the Group increased its cash and cash equivalents substantially, which allowed us to quickly respond to volatility. As we begin to emerge into a post-pandemic era, we have invested in new machinery at our facilities in Stuart Yard, Florida, USA. These upgrades will optimise operational efficiency, generate economies of scale, as well as enhance our value proposition as a luxury boat builder.

Looking ahead, we are optimistic about the near-term outlook. Our record high net order book will keep us busy, and we intend to increase manpower at Pasir Gudang to accelerate production. However, we expect to incur higher wage bills and increases in the costs of energy and raw materials in the year ahead. Rising interest rates could also dampen customer sentiment.

I want to thank all Grand Banks team members from around the world for their tremendous dedication through these challenging times; through your hard work, we have emerged from the pandemic a stronger Group. I also want to express my sincere appreciation to our customers, our partners and our faithful shareholders for their strong support throughout the year. We remain committed to adding shareholder value and look forward to a strong year ahead.

## **MARK J RICHARDS**

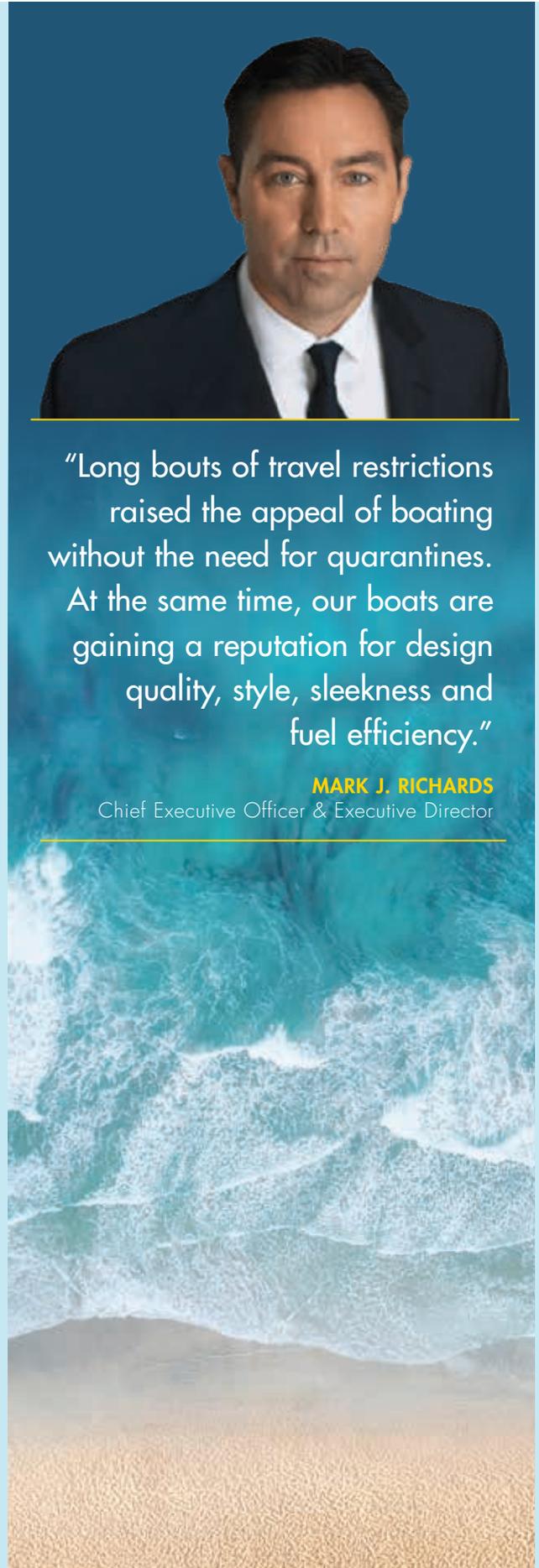
*Chief Executive Officer & Executive Director*



“Long bouts of travel restrictions raised the appeal of boating without the need for quarantines. At the same time, our boats are gaining a reputation for design quality, style, sleekness and fuel efficiency.”

**MARK J. RICHARDS**

Chief Executive Officer & Executive Director





## FY2022 FINANCIAL HIGHLIGHTS

The Group generated revenue of S\$75.2 million for the financial year ended 30 June 2022 ("FY2022"), a decline of 21.7% from S\$96.1 million in FY2021, as at the Group's manufacturing facility in Pasir Gudang, Johor recorded less than ten months of production due to the Movement Control Orders imposed by the Malaysian Government to contain the spread of COVID-19.

Despite the lower top line, gross profit margin for the year under review rose to 26.6% from 21.5% a year ago, as FY2022 recorded only new boat sales without lower-margin trade-in boat sales. Accordingly, FY2022 gross profit and net profit before tax stood at S\$20.0 million and S\$2.9 million respectively, compared to S\$20.7 million and S\$5.6 million respectively, a year ago.

The Group recognised a tax credit of S\$1.1 million due to deferred tax assets of certain subsidiaries, arising from unutilised tax losses, capital allowances and tax incentives lifting net profit after tax to S\$4.0 million (FY2021: S\$4.2 million).

Total operating expenses for FY2022 increased to S\$17.3 million from S\$15.5 million in FY2021, driven by higher boat show-related expenses as the Group stepped up participation in physical boat shows, as well as marketing expenses. In addition, there was a write-back of excess provision for retrenchment costs in FY2021.

Cash flows used in operations in FY2022 amounted to S\$1.0 million, compared to cash flows generated from operations of S\$41.5 million in FY2021. The Group saw higher receivables, due to the timing of receipts from customers which mostly happened after the financial year-end, as well as increased contract assets due to the timing of billings to customers in accordance with sales contracts. These were partially offset by higher payables amid increased costs of raw materials and operating expenses.

Cash flows used in investing activities increased to S\$7.1 million in FY2022 compared to S\$4.7 million a year ago, propelled by increased development of new products, purchases of machinery and purchases and improvement of properties in the USA.

The Group recorded negative cash flows used in financing activities of S\$1.3 million for the whole of FY2022 (FY2021: S\$2.4 million), amid payment of dividends during the year under review and repayment of borrowings. This was partially offset by new borrowings to fund the upgrading of the Group's properties in the USA. Cash and cash equivalents declined to S\$36.3 million as at 30 June 2022, from S\$45.2 million as at 30 June 2021.

The Group recorded 31 new boat orders in FY2022, lifting the net order book to a new record high of S\$182.9 million as at 30 June 2022, compared to S\$116.9 million a year ago.





# FY2022 FINANCIAL HIGHLIGHTS

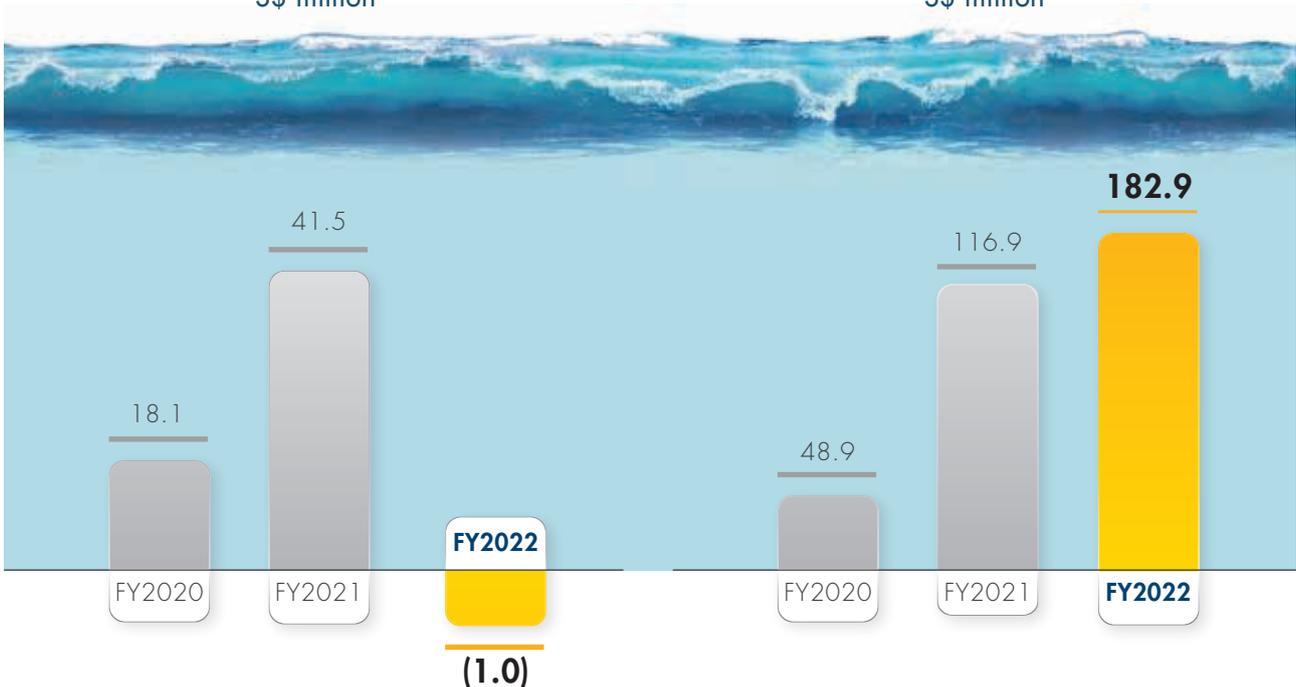
REVENUE  
S\$ million

NET PROFIT  
S\$ million



OPERATING CASH FLOWS  
S\$ million

NET ORDER BOOK  
S\$ million





## BOARD OF DIRECTORS

# GRAND BANKS YACHTS LIMITED



### HEINE ASKAER-JENSEN

*Chairman of the Board & Independent Director*

Mr. Heine Askaer-Jensen was appointed to the Board on 14 November 2011. He was last re-elected to the Board on 28 October 2021 and approved as an Independent Director.

Mr. Askaer-Jensen holds a Bachelor Degree from Sonderborg Handelshøjskole, a department of Copenhagen Business School in Denmark, complemented by business studies at the Penn State University, USA (EMP) and Harvard Business School, USA (AMP/ISMP).

Mr. Askaer-Jensen has significant executive experience from his role as the Group Managing Director/Executive Vice Chairman of Jebsen & Jessen (SEA) Pte. Ltd. from 1979 to 2011, a diversified ASEAN group of more than S\$1 billion in revenue and 4,500+ employees engaged in trading, manufacturing and engineering activities. Mr. Askaer-Jensen is also the past Deputy Chairman and member of the Board of the Singapore International Chamber of Commerce from 1994 to 2011, and an avid yachtsman who is intimately familiar with the Company's products, having owned several Grand Banks yachts.



### MARK JONATHON RICHARDS

*Chief Executive Officer & Executive Director*

Mr. Mark Jonathon Richards was appointed Chief Executive Officer and Executive Director of Grand Banks Yachts Limited on 1 August 2014. He was last re-elected to the Board on 24 October 2019.

A qualified shipwright and successful professional yachtsman, Mr. Richards brings to the Group more than 30 years of hands-on experience in boatbuilding.

Mr. Richards is the founder of Palm Beach Motor Yacht ("Palm Beach"), which he set up in 1995 after a decade of open-water sailboat racing. Originally a bespoke boat manufacturer, Palm Beach now designs and markets a full range of award-winning yachts.

Under Mr. Richards' leadership, the Group has established a reputation for high-quality, fuel-efficient luxury yachts that incorporate the best features of Grand Banks, Eastbay and Palm Beach. He personally oversees production for all the brands and has been instrumental in modernising the Group's manufacturing processes, as well as revamping its sales model and yacht portfolio. His restructuring measures include, among others, a complete redesign and upgrade of the Group's manufacturing plant in Pasir Gudang, Johor, Malaysia.

Mr. Richards' sailing record includes two world championships and the yearly Rolex Sydney-Hobart Yacht Race, which he has won nine times as skipper of *Wild Oats XI*. He has represented Australia in dozens of international regattas, including two America's Cups and the 2003 Admiral's Cup in the U.K., where he led Australia to victory.





## BOARD OF DIRECTORS



### **BASIL CHAN**

*Independent Director*

Mr. Basil Chan was appointed to the Board on 14 November 2011. He was last re-elected to the Board on 28 October 2020 and his appointment as an Independent Director was subsequently approved on 28 October 2021.

Mr. Chan holds a Bachelor of Science (Economics) Honours degree majoring in Business Administration from the University of Wales Institute of Science & Technology, U.K. and is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW") as well as a Fellow of the Institute of Singapore Chartered Accountants ("ISCA"). He is a Fellow of the Singapore Institute of Directors.

Mr. Chan was formerly a Council Member and Director of the Singapore Institute of Directors ("SID") where he had served 12 years, chairing its Professional Development Sub-committee and also as a Treasurer for a term of three years. He previously served on the Audit Committee Chapter of SID. He is a Chartered Accountant by training, having qualified in the U.K. with ICAEW. He was also a member of the Corporate Governance Committee in 2001 which published the Singapore Code of Corporate Governance. In addition, he previously sat on the Accounting Standards Committee and on the Audit and Assurance Standards Committee of ISCA. He has currently been re-appointed to the Audit and Assurance Standards Committee of ISCA. He also previously sat on the Corporate Governance and Risk Management Committee of ISCA where he was its Deputy Chairman. He is the Founder and Managing Director of MBE Corporate Advisory which provides corporate and financial advisory to listed and private companies. Mr. Chan is also an Independent Director of three other SGX-listed companies, namely Memories Group Limited, Broadway Industrial Group Limited and Nera Telecommunications Ltd. In the last three years, he had previously sat on the Board of Global Invacom Group Limited and AEM Holdings Limited.

### **GERARD LIM EWE KENG**

*Non-Executive &  
Non-Independent Director*

Mr. Gerard Lim Ewe Keng was appointed to the Board on 21 February 2013. He was last re-elected to the Board on 28 October 2021.

Mr. Lim holds a Bachelor of Science in Chemical Engineering from the University of Birmingham and an MBA from University of Aston, U.K..

Mr. Lim is the General Manager and Director of Kien Huat Realty Sdn Bhd ("Kien Huat"), an investment holding company which is a substantial shareholder of Genting Berhad ("Genting"). Genting and its subsidiaries, Genting Malaysia Berhad and Genting Plantations Berhad are listed on the Main Market of Bursa Malaysia Securities Berhad and Genting Singapore Limited is listed on the Main Board of the Singapore Exchange Securities Trading Limited.

He is also a Director of Golden Hope Limited, acting as the trustee of the Golden Hope Unit Trust ("Golden Hope") which is primarily involved in investment holding.

He oversees the private investments of Kien Huat and Golden Hope which include investments in a ski resort near Beijing, casino resort in the U.S. and genomics. He is also currently a Director of Empire Resorts, Inc..

Prior to joining Kien Huat and Golden Hope, he was the Chief Financial Officer of Genting Hong Kong Limited responsible for finance, legal and IT and was involved in the setting up of the cruise division in Genting Hong Kong (formerly known as Star Cruises Limited). He started his career in corporate planning in the Genting Group and has worked in various companies in the Group.

### **GARY JAMES WEISMAN**

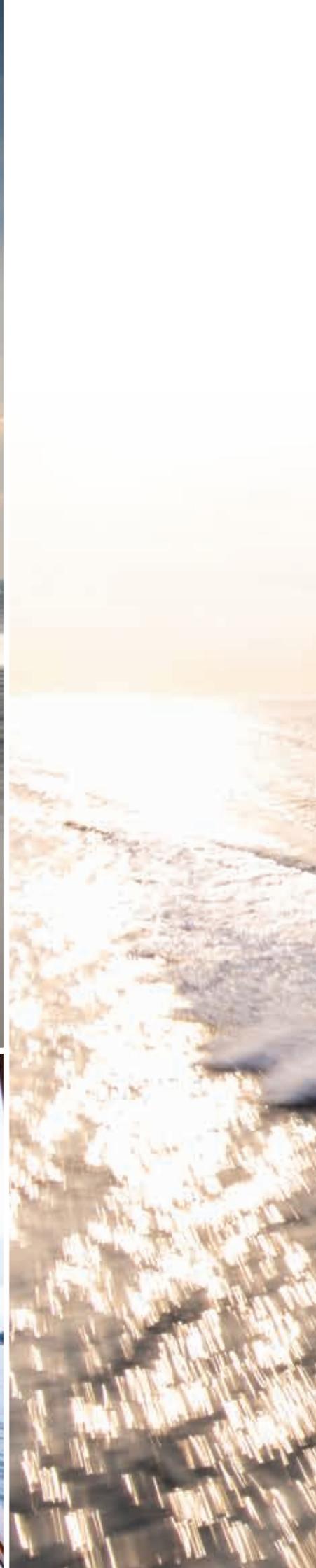
*Independent Director*

Mr. Gary James Weisman was appointed to the Board on 28 October 2015. He was last re-elected to the Board on 28 October 2020.

Mr. Weisman holds a Bachelor of Science in Social Science from the California State University at San Diego. Mr. Weisman was President of North Sails, now the world's leading sail making company and the largest division in the North Technology Group ("NTG"). Mr. Weisman became President in 1998 and retired in 2013, having served with North Sails for almost 40 years since joining in 1974.

Mr. Weisman served as a Director of NTG from 1998 to 2013. Mr. Weisman also served as Director of the Edgewater Powerboat Company, an NTG portfolio company and Florida-based manufacturer of small luxury yachts and premium center console fishing boats from 2011 until the acquisition of NTG by Oakley Capital Group in 2014.

An expert yachtsman, Mr. Weisman has owned powerboats and sailboats for more than 25 years and has fished and cruised over 50,000 miles aboard his vessels. He has also raced hundreds of thousands of miles on the Grand Prix yachting circuit. His family has been cruising on their new Grand Banks 60, named *Iluka*, since they took delivery of it in 2017.



PALM BEACH PB70  
THE WORLD IS YOUR  
**OCEAN**



# EASTBAY EB60





# CORPORATE GOVERNANCE REPORT

The Directors of Grand Banks Yachts Limited (the "Company") are committed to maintaining a high standard of corporate governance within the Company and its subsidiary companies (the "Group"). The Company has put in place various policies and practices to ensure greater transparency and to protect the interests of the Company's shareholders as part of its efforts to maintain high standards of corporate governance.

This report outlines the corporate governance practices and procedures adopted by the Company with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2018 (the "Code") and the extent of its compliance with the Code during the financial year ended 30 June 2022 ("FY2022").

The Board confirms that the Group has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, specific reference to the guidelines are made and appropriate explanations provided in this report.

## BOARD MATTERS

### THE BOARD'S CONDUCT OF AFFAIRS

**Principle 1:** *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

Guideline of the Code	Grand Banks Corporate Governance Practices
<p>1.1 Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.</p>	<p>Each Director, in the course of carrying out his duties, acts in good faith and considers at all times, the best interests of the Group.</p> <p>The Board views one of its primary functions as protecting and enhancing shareholder value and ensures accurate, adequate and timely reporting to, and communication with shareholders. It sets the overall strategies of the Group as well as policies covering various matters with an emphasis on values, ethics, code of conduct, standards, internal controls, financial performance, reporting and risk management as well as environmental, social and governance issues.</p> <p>The Board meets regularly to oversee and monitor the performance of Management and business affairs of the Group, including the Group's compliance with the rules and regulation of the relevant regulatory bodies.</p> <p>Each Director annually declares his independence/non-independence with regards to his directorship with the Group. He also recuses himself from discussions and decisions where he faces conflict of interest.</p>



# CORPORATE GOVERNANCE REPORT

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1.2 Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

All newly appointed Directors undergo an orientation program to provide them with background information on the Group and industry-specific knowledge. During the year under review, no new Director was appointed.

The Directors continuously update themselves on new laws, regulations and changing commercial risks. Each Director is also invited and encouraged to seek additional training to further their skills in performing their duties, including attending classes and/or events sponsored by the Singapore Institute of Directors ("SID"). Directors are also informed of upcoming conferences or seminars relevant to their roles as directors of the Group. Such training is funded by the Company.

The Directors may, at any time, visit the Group's production facilities and sales locations or attend dealer/sales meetings, trade shows and customer activities to gain a better understanding of the Group's business. If regulatory changes have a material impact on either the Group or the Directors, Management or professional advisors brief the Directors at the Board meetings.

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# CORPORATE GOVERNANCE REPORT

1.3 The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.

The Board has adopted a "Delegation of Authority Matrix" for Management – setting thresholds/limits for transactions permitted to be undertaken by Management.

Matters which are specifically reserved for the Board's decision and approval include:

- material acquisitions and disposals of assets;
- material new investments, divestments, borrowings, corporate or financial restructuring;
- share issuances, dividends and other returns to shareholders;
- strategic plans and objectives;
- the Group's annual operating budgets and financial plans;
- the Group's overall financial and management performances;
- remuneration of key executives;
- interested person transactions;
- the Group's overall internal controls and risk management;
- half year and full year financial results and announcements as well as quarterly business updates;
- overseeing compliance with bank covenants for banking facilities granted by financial institutions; and
- corporate governance compliance, including any other transactions of a material nature requiring announcement under the Listing Manual Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").



# CORPORATE GOVERNANCE REPORT

1.4 Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

The Board delegates the implementation of business policies and day-to-day operations to the Chief Executive Officer ("CEO") and the Group's Management team but would amongst other things, oversee and assume responsibility for the Group's overall strategic plans, its overall performance and compliance with corporate governance practices. The Board is free to request for further clarification and information from Management on all matters within their purview.

In order to provide independent oversight and to discharge its responsibilities more efficiently, the Board has established a Nominating Committee ("NC"), a Remuneration Committee ("RC"), a Strategic Committee ("SC"), a Risk Management and Audit Committee ("RMAC"), a Sustainability Steering Committee ("SSC") and delegated specific areas of responsibilities to be discharged by each of these Board Committees.

More details of NC, RC and RMAC are mentioned in Principles 4, 6 and 9 respectively.

The SC was established to assist the Board in the following areas:

- to develop long-term strategic plans for the Group, including the evaluation and monitoring the implementation of the strategic plans by Management;
- to review areas identified by Management as having material impact on the Group's long-term strategies; and
- to review proposals made by Management and recommend strategic initiatives for the Group pertaining to any changes in business direction, new markets, new products and/or any major re-organisation or investment/divestment.

The SSC was established under RMAC to assist the Board in the following areas:

- to develop strategies, policies, goals and targets to support the sustainable growth of the business;
- to review proposals and initiatives made by management; and
- to prepare sustainability reporting.



# CORPORATE GOVERNANCE REPORT

These Board Committees have been constituted with clearly defined Terms of Reference, which are reviewed on a regular basis to ensure their continued relevance and adequacy to meet the governance standards expected of the Board. The Board Committees are actively engaged and play an important role in ensuring corporate governance of the Group. Outcome of each Board Committee meeting and their recommendations are reported to the Board by the Chairman of the respective Board Committees and will be subsequently reviewed by the Board.

The Board acknowledges that while the various Board Committees have the authority to carry out their duties and make recommendations, the ultimate responsibility on all matters lies with the Board collectively.

Please refer to Table A.1 for Composition of Board and Board Committees. The profiles of the Directors are set out on pages 08 and 09 of this Annual Report.

1.5 Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Board held four meetings in FY2022. Ad hoc Board meetings are held whenever the Board's guidance or approval is required, outside of the scheduled Board meetings. The number of Board and Board Committees meetings held and the attendance record of each director during FY2022 are set out in Table B. The Company's Constitution allows Board meetings to be conducted by way of audio-visual conference, telephone conference or other methods of simultaneous communications by electronic or telegraphic means. The Board held several audio-visual conference calls throughout the year to expedite decision-making on critical areas. Decisions of the Board and Board Committees were also obtained through circular resolutions in writing.

All Directors have devoted sufficient time and attention to the affairs of the Group.

Each director can hold a maximum of six directorships in listed companies concurrently.

Dates of Board, Board Committees and Annual General Meetings are scheduled in advance in consultation with all of the Directors.

All Board members who are non-committee members of the RMAC, NC, RC and SC would attend the Board Committee meetings via invitation.



# CORPORATE GOVERNANCE REPORT

1.6 Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Directors have separate and independent access to the Group's Management team and all of the Group's records at all times in carrying out their duties.

Detailed Board papers and books are prepared and circulated in advance for each meeting. This is to give Directors sufficient time to review the matters to be discussed so that discussions can be more meaningful and productive. However, sensitive matters may be tabled at the meetings and discussed without papers being distributed. The Board meeting papers include sufficient information from the Management on financial, operating and corporate issues to brief directors properly on issues to be considered at both Board and Board Committee meetings. Such information may also be in the form of presentations made by the Management team in attendance at the meetings, or by external consultants engaged on specific projects.

The Directors are regularly provided with complete and timely information prior to meetings to enable them to fulfil their duties. Management provides members of the Board with quarterly management accounts, as well as summary monthly data comparing key actual financial metrics relative to budget and results of prior periods.

1.7 Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

The Directors have separate and independent access to the Management, Company Secretary and external advisers, where necessary at Company's expense.

The Company Secretary helps to ensure that applicable rules and regulations are complied with and assists the Board in implementing and improving corporate governance practices and ensuring that proper procedures are observed and requirements of the Companies Act 1967 ("Companies Act") and the Listing Manual of the SGX-ST are complied.

The Company Secretary attends all board meetings and prepares minutes of all meetings of the Board and Board Committees.

The appointment and the removal of the Company Secretary is subject to the Board's approval.



# CORPORATE GOVERNANCE REPORT

## BOARD COMPOSITION AND GUIDANCE

**Principle 2:** *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

Guideline of the Code	Grand Banks Corporate Governance Practices
<p>2.1 An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.</p>	<p>The NC is responsible for reviewing the independence of each Independent Director based on the guidelines set out in the Code. The NC conducts an annual review of the directors' independence and requires each independent director to confirm his independence by completing, signing and submitting a confirmation of independence declaration based on the guidelines provided in the Code and SGX Listing Rule 210(5) (d). For the year under review, the NC had reviewed the declarations submitted by the independent and non-executive directors, namely Messrs Heine Askaer-Jensen, Basil Chan and Gary James Weisman, and was satisfied that there are no relationships which would impair their independent judgement or would deem any of them to be non-independent.</p>
<p>2.2 Independent directors make up a majority of the Board where the Chairman is not independent.</p>	<p>The Chairman of the Board of Directors is an Independent Director and not related to the Chief Executive Officer. The NC confirms that the Independent Directors made-up a majority of the Board.</p>
<p>2.3 Non-executive directors make up a majority of the Board.</p>	<p>During the year, the Board comprises five members: three Independent Directors, one Non-Independent and Non-Executive Director and one Executive Director. Non-Executive Directors made up the majority of the Board.</p> <p>The Board is able to exercise objective judgement on corporate affairs independently, objectively and constructively as independent directors comprise majority of the Board. Furthermore, all Board Committees are chaired by and comprised primarily of independent and non-executive directors.</p>



# CORPORATE GOVERNANCE REPORT

2.4 The Board and board committees are of an appropriate size and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's 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 its operations in determining the Board size and composition.

The NC is satisfied that the Board continues to operate effectively for the Group given the current 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 NC is satisfied that the Board, as a whole, consists of good mix of individuals with appropriate skills, expertise, industry knowledge, and general commercial experience to lead and govern the Group effectively. 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. Details of the Directors' academic and professional qualifications, including experiences, other directorships (both present and those held over the preceding three years in other listed companies) and other principal commitments are set out on pages 08 and 09 of this Annual Report.

The Board is of the view that the current Board size, composition, competency and diversity is appropriate, taking into account the nature and scope of the Group's operations.

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.



# CORPORATE GOVERNANCE REPORT

During the year, the NC has tabled a formal Board diversity policy, including objectives, which the Board has adopted. The Company recognises 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 core competencies of accounting, legal and regulator, business or management experience and industry knowledge to avoid group-thinking and foster constructive debate.

Notwithstanding, the Company recognises that there are many dimensions to board diversity. The NC will seek to identify suitable female candidates to include for consideration whenever it seeks to identify a new director for the Board. Having said that, gender is but one aspect of diversity. In considering potential Board candidates or refreshment of Board members, the NC and the Board selection criteria would be on the basis of skills, experience, knowledge, insights and relevance to the Board.

The Board with the help of NC continuously evaluate the need for Board renewal, taking into account the length of service of each director and the environment the Group operates in.

2.5 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

During FY2022, the independent and non-executive directors met or had calls informally periodically throughout the year without the presence of executive director and Management.



# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle 3:** *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

Guideline of the Code	Grand Banks Corporate Governance Practices
<p>3.1 The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.</p>	<p>The role of the Chairman is separate from that of the CEO and they are separate and unrelated persons. There is adequate accountability and transparency as independent directors make up majority of the Board. The Board is able to exercise its power objectively and independently from Management. No individual or small group of individuals dominates the Board's decision making.</p>
<p>3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.</p>	<p>The Company's Chairman plays a key role in promoting high standards of corporate governance, scheduling meetings that enable the Board to perform its duties, establishing the agenda for the Board meetings in consultation with the CEO and ensuring that the Board reviews and approves the Group's key strategies and policies. The Chairman also participates in communicating with key stakeholders, including shareholders, employees, independently-owned dealers, independent brokers and customers.</p> <p>The CEO's responsibilities encompass managing the day-to-day business activities of the Group, developing and executing the Group's strategies, reporting back to the Board on the performance of the Group, and providing guidance to the Group's employees. The CEO also encourages constructive relations between Management and the Board.</p>
<p>3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.</p>	<p>The Company is not required to appoint a lead independent director under the Code since the Group's Chairman and CEO are two separate and unrelated persons. The Chairman is an independent and non-executive director.</p>



# CORPORATE GOVERNANCE REPORT

## BOARD MEMBERSHIP

**Principle: 4** *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Guideline of the Code	Grand Banks Corporate Governance Practices
<p>4.1 The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:</p> <ul style="list-style-type: none"> <li>(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;</li> <li>(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;</li> <li>(c) the review of training and professional development programmes for the Board and its directors; and</li> <li>(d) the appointment and re-appointment of directors (including alternate directors, if any).</li> </ul>	<p>The NC, whose terms of reference are approved by the Board, comprises three members: two Independent Directors and one Non-Independent and Non-Executive Director. The NC Chairman is independent and not associated in any way with the substantial shareholders of the Company.</p> <p>The key functions of the NC in accordance with its terms of reference are to make recommendations to the Board on all new Board appointments, determine the size and composition of the Board, review the balance and effectiveness of the Board and identify the skills required at the Board level in ensuring that the Board remains effective and focused.</p> <p>The NC is responsible for making recommendations to the Board on all Board appointments and on the composition of executive, non-executive and independent directors of the Board.</p> <p>The NC met once during FY2022.</p> <p>Please refer to Table A.1 for the composition of the NC.</p> <p>In the coming years, the NC will deliberate on adopting formal succession plans for the Chairman, CEO and key management personnel.</p> <p>An annual evaluation of the performance of the Board and its Board committees is in place. Please refer to Guideline 5.1.</p> <p>The training and professional development programs for the Board are covered in Guideline 1.2.</p> <p>The NC is responsible for making recommendations to the Board on all Board appointments and on the composition of executive, non-executive and independent directors of the Board. It also reviews and recommends on the nomination of directors who are retiring by rotation as well as determining annually whether or not a director is independent.</p> <p>The Company does not have any alternate directors.</p>



# CORPORATE GOVERNANCE REPORT

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4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

The NC comprises three members: two Independent Directors and one Non-Independent and Non-Executive Director. The NC Chairman is independent and not associated in any way with the substantial shareholders of the Company. There is no lead independent director.

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4.3 The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

When the need for a new director is identified, either to replace a retiring director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for NC's consideration.

The NC, after completing its assessment, meets with the short-listed candidates to assess their suitability, before submitting their recommendations to the Board for approval.

The NC reviews and recommends the nomination of each retiring Director to the Board after taking into consideration factors such as the individual Director's contribution, performance, attendance at the Board and/or Board Committee meetings, and adequate time and attention devoted to the affairs of the Group to discharge his duties as director of the Company, in the case of director with multiple board representations. Each member of the NC abstains from all discussions, deliberations and decisions in respect of their own performance assessment or re-election.

In accordance with Article 86 of the Constitution of the Company, one-third of the members of the Board (or, if the number is not three or a multiple of three, then the number nearest to one-third) shall retire from office by rotation at the Company's Annual General Meeting ("AGM"). The retiring directors are eligible to offer themselves for re-election.

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# CORPORATE GOVERNANCE REPORT

The directors due to retire by rotation at the Company's forthcoming AGM for FY2022 are Mr. Mark Jonathon Richards (executive director) and Mr. Gary James Weisman (independent director) pursuant to Article 86 of the Constitution and Rule 720(5) of the SGX-ST Listing Manual.

There are no relationships including immediate family relationships between Mr. Mark Jonathon Richards and the other directors, the Company or its substantial shareholders.

There are no relationships including immediate family relationships between Mr. Gary James Weisman and other directors, the Company or its other substantial shareholders.

The Board has accepted the NC's nomination of the retiring directors who have given their consent for re-appointment at the forthcoming AGM of the Company. The Board recognises the contribution of its directors who over time have developed deep insight into the Group's operations and industry and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for any of its directors.

The replacement of a director, when it occurs, does not necessarily reflect the director's performance, but may be driven by the need to align the Board with the needs of the Group.

4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

A director who has no relationship with the Group or its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interest of the Group, is considered to be independent.

The NC conducts an annual review of directors' independence and is of the view that Mr. Heine Askaer-Jensen, Mr. Basil Chan and Mr. Gary James Weisman continue to be independent and that, no one individual or small group dominates the Board's decision-making process. The independent directors had also confirmed their independence in accordance with the Code.



# CORPORATE GOVERNANCE REPORT

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Listing Rule 210(5)(d)(iii) provides that continued appointment as an independent director, after an aggregate period of more than 9 years on the Board, must be sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the Directors and the CEO of the Company, and associates of such Directors and CEO ("Two-Tier Voting"), and such resolutions approved at the AGM by way of a Two-Tier Voting process shall remain in force until the earlier of the following: (i) retirement or resignation of the director; or (ii) the conclusion of the third AGM of the Company following the passing of the resolutions.

Both Mr. Heine Askaer-Jensen and Mr. Basil Chan have served on the Board for an aggregate period of more than nine years from their respective date of appointment, 14 November 2011.

The Board has subjected both Mr. Heine Askaer-Jensen and Mr. Basil Chan to a rigorous review by all other fellow directors. The Board concluded that both of them have demonstrated strong independence of character, viewpoint and judgement over the years in discharging their duties and responsibilities as independent directors with utmost commitment in upholding the interests of the Group and non-controlling shareholders.

The Board, having reviewed and considered the existence of relationships or circumstances, including those identified by the Code, concurred with the NC's recommendation that Mr. Heine Askaer-Jensen and Mr. Basil Chan are independent and approved the continued appointment of Mr. Heine Askaer-Jensen and Mr. Basil Chan as Independent and Non-Executive Directors of the Company.

Pursuant to Rule 210(5)(d)(iii) of the SGX-ST Listing Manual (which took effect from 1 January 2022), the continued appointment of Mr. Heine Askaer-Jensen and Mr. Basil Chan as independent directors were approved by shareholders via the Two-Tier Voting process at the Company's last AGM on 28 October 2021.

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# CORPORATE GOVERNANCE REPORT

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As such, Mr. Heine Askaer-Jensen and Mr. Basil Chan continue to serve on the Board as Independent Directors of the Company until the earlier of their retirement or resignation as Directors of the Company, or at the conclusion of the Company's AGM to be held in 2024.

The profiles of the Directors, including details of their academic and professional qualifications, directorships and/or chairmanships for both present and those held over the preceding three years in other public listed companies, other principal commitments, and date of first appointment and date of last re-election as director of the Company are set out on pages 08 and 09 of this Annual Report and in Tables A.1 and A.2.

Information on each director's shareholdings in the Company and its related companies are set out in the "Directors' Statement" section on pages 54 to 58 of this Annual Report.

Information on each director's designation (i.e. executive or non-executive or independent) is set out in the "Board of Directors" section on pages 08 and 09 as well as Corporate Information of this Annual Report and in Table A.1.

There are no relationships including immediate family relationships among the directors, the Company, its related corporations, its substantial shareholders or its officers, other than that disclosed in Guideline 4.3.

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# CORPORATE GOVERNANCE REPORT

4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

All the non-executive Directors and the independent Directors of the Company are each issued an appointment letter by the Company which spells out the duties and responsibilities of the Directors. The duties and responsibilities of the Directors are mentioned in Guideline 1.1.

All directors declare their board memberships annually.

The NC recommends that each director can hold a maximum of six directorships in listed companies concurrently. The NC reviews each director on a case-to-case basis, taking into consideration any conflict of competing time commitments faced by directors with multiple board representations, including attendance and active participation during the Company's Board and Board Committee meetings when determining the capacity of the director.

The NC has reviewed and is satisfied that all directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as directors of the Company.

None of the directors hold more than six directorships in listed companies concurrently. Details of each director's present and past three years directorships or chairmanship in other listed companies, and other principal commitments are set out in Table A.2 of this Annual Report.

Notwithstanding that there is no formal guideline in place to address the conflict of competing time commitments that are faced by directors with multiple board representations, the NC and the Board is cognizant of the recommendations as set out under Guideline 4.5 of the Code. The NC will continue to review, on an on-going basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.



# CORPORATE GOVERNANCE REPORT

## BOARD PERFORMANCE

**Principle 5:** *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

Guideline of the Code	Grand Banks Corporate Governance Practices
<p>5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.</p>	<p>The NC assesses the effectiveness of the Board as a whole, and of each Board committee separately, as well as the contribution of each individual director to the effectiveness of the Board. It does so by requiring all directors to complete a board evaluation questionnaire to seek their view on Board's and Board committee's performance and effectiveness as well as areas for improvement.</p> <p>The results of the NC's assessment for FY2022 are communicated to and accepted by the Board. The Board is satisfied that it has met its performance and effectiveness objectives for FY2022.</p> <p>The criteria the Board's performance is evaluated include meeting financial performance targets, enhancement of shareholder value and good corporate governance practices.</p>
<p>5.2 The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.</p>	<p>Each director assesses the effectiveness of the Board as a whole as well as its Board committees by providing feedback to the NC through a board evaluation questionnaire. The results and feedback of the evaluation results are collated, reviewed and discussed by the NC and where necessary, recommendations are made to the Board to further enhance the effectiveness of the Board.</p> <p>The Chairman, in consultation with the NC, will, if necessary, propose steps to be undertaken to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of the Company.</p> <p>Due to the small size of the Board, the NC is of the view that individual evaluation of each director is not required at this juncture. There are, however, regular dialogues among the directors. The NC and the Board are cognizant of the recommendation as set out under this Guideline and would continue to review the need of such evaluations, on an on-going basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.</p>



# CORPORATE GOVERNANCE REPORT

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Principle 6:** *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

Guideline of the Code	Grand Banks Corporate Governance Practices
<p>6.1 The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:</p> <p>(a) a framework of remuneration for the Board and key management personnel; and</p> <p>(b) the specific remuneration packages for each director as well as for the key management personnel.</p>	<p>The RC, whose terms of reference are approved by the Board, comprises three members: two independent directors and one non-independent and non-executive director.</p> <p>The primary purpose of the RC in accordance with its terms of reference is to recommend to the Board a framework of compensation, and the specific compensation packages for each director and the CEO of the Company.</p> <p>The RC shall cover all aspects of compensation, including but not limited to directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind.</p> <p>The RC will also review the compensation of key management personnel.</p> <p>If necessary, the RC can seek expert advice outside the Company on compensation of all directors and/or key management personnel.</p> <p>The RC met twice during FY2022.</p> <p>Please refer to Table A.1 for composition of the RC.</p> <p>The RC reviews and makes recommendations to the Board on the framework of remuneration packages and policies applicable to the CEO, the directors and the Group's senior executives.</p> <p>The RC reviews the remuneration packages and employment contracts in order to attract and retain capable executives through competitive compensation. The RC recommends for the Board's endorsement, a framework of compensation that covers aspects of remuneration including directors' fees, salaries, allowances, bonuses, share options, benefits-in-kind and specific remuneration packages for each director, the CEO and selected senior executives.</p> <p>The RC reviewed and determined the remunerations packages and services contracts for the CEO and the Directors' Fee for Non-Executive Directors.</p>



# CORPORATE GOVERNANCE REPORT

<p>6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.</p>	<p>The RC comprises three members: two independent directors (including the Chairman) and one non-independent and non-executive director.</p>
<p>6.3 The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.</p>	<p>The RC regularly utilises external consultant's advice and data to assist in the evaluation of its compensation recommendations. No director is involved in any deliberation in respect of his own remuneration, including any other forms of compensation or benefits to be granted to him or someone related to him. Each member of the RC abstains from making any recommendation on or voting on any resolutions in respect of his own remuneration package, except for providing information and documents specifically requested by the RC.</p> <p>The RC reviews the Group's termination clauses and termination processes and is of the opinion that the clauses and processes are fair and reasonable. In the course of such review, the RC also considers the Group's obligations in the event of termination of the executive director and/or any of the key management personnel, to ensure that the termination clauses in the service agreements are not overly generous so as to avoid rewarding poor performance.</p> <p>The Company has implemented contractual provisions allowing the Company to reclaim bonuses from executive director and key management executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group.</p>
<p>6.4 The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.</p>	<p>The Company's current remuneration consultant is Robinson Consulting Pte Ltd ("RCPL") which has an independent and objective relationship with the Group.</p> <p>For FY2022, the Company has engaged RCPL for remuneration matters.</p>



# CORPORATE GOVERNANCE REPORT

## LEVEL AND MIX OF REMUNERATION

**Principle 7:** *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

### Guideline of the Code

### Grand Banks Corporate Governance Practices

7.1 A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

In reviewing and determining the remuneration packages of the CEO and the Group's key management personnel, the RC considers the key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing remuneration packages. An appropriate proportion of their remuneration is linked to individual and corporate performance and is aligned with the interests of shareholders.

In line with this Guideline which encourages long-term incentive schemes, the RC currently administers the Group's Performance Share Plan 2014 (the "PSP") and Employee Share Option Scheme 2014 (the "ESOS") which was approved by Shareholders at the EGM held on 8 October 2014 with the objective of attracting and retaining key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group.

Each year, the Board seeks approval from the Group's shareholders to grant awards and options and to allot and issue shares in accordance with the provisions of the PSP and ESOS in order to align the interests of Management with shareholders.

7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The independent directors and the non-executive director are paid directors' fees, which are reviewed and determined by the RC annually based on the effort, time spent and responsibilities of the directors, as well as benchmarking data provided by external experts (where applicable). The directors' fees are then recommended by the RC with each Director abstaining from matters relating to his own fees for the Board's endorsement and approval by the shareholders at the Company's AGM.

To facilitate the payment of directors' fees during the financial year in which they are incurred, the Company is seeking shareholders' approval for directors' fees of S\$252,500 to be paid for the financial year ending 30 June 2023 (FY2022: S\$252,500) on quarterly basis in arrears.



# CORPORATE GOVERNANCE REPORT

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The Company has secured shareholders' approval to allow non-executive directors to participate in both the PSP and the ESOS.

All independent directors and non-independent and non-executive directors participate in the ESOS.

Please see Table D.1 for the detailed schedule of FY2022 directors' fees for independent and non-executive directors.

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7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

The RC continues to review and recommend appropriate changes to the Group's practices and disclosures as and when deemed feasible and appropriate for the Group.

The RC reviews the remuneration packages and employment contracts in order to attract and retain capable executives through competitive compensation. The RC recommends for the Board's endorsement, a framework of compensation that covers aspects of remuneration including directors' fees, salaries, allowances, bonuses, share options, benefits-in-kind and specific remuneration packages for each director, the CEO and selected senior executives.

The annual reviews of the remuneration are carried out by the RC to ensure that the remuneration of the executive director and key management personnel commensurate with their performance and that of the Group, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO (together with other key management personnel) is reviewed periodically by the RC and the Board.

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# CORPORATE GOVERNANCE REPORT

## DISCLOSURE ON REMUNERATION

**Principle 8:** *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

Guideline of the Code	Grand Banks Corporate Governance Practices
<p>8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO; and</p> <p>(b) at least the top five management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.</p>	<p>The Board has included a separate remuneration report to shareholders in the Annual Report, the remuneration of directors and the top five management personnel (who are not Directors or the CEO).</p> <p>Please refer to Table D.1 for the actual remuneration for the directors (including the CEO) for FY2022.</p> <p>Please refer to Table D.2 for the top five management personnel (who are not directors or the CEO) are named, their remuneration disclosed in bands of S\$250,000 and the aggregated remuneration paid for FY2022.</p>
<p>8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</p>	<p>None of the Company's employees whose remuneration exceeds S\$100,000 during the year are related to a director or the CEO.</p>
<p>8.3 The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.</p>	<p>Please refer to Note 26 of the Financial Statements and Tables D.1 and D.2.</p> <p>The remuneration paid to the executive director and key management personnel comprises base/fixed salary component and variable components such as share plans (PSP and ESOS), bonus and other benefits. The individual's entitlement for the variable component is determined based on their personal performance and the Group's financial performance, principally the net profit before tax. These performance objectives are chosen for their objectivity and ease of measurement.</p>



# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 9:** *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

#### Guideline of the Code

#### Grand Banks Corporate Governance Practices

9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

The RMAC has the responsibility of overseeing the Group's risk management framework and policies. The terms of reference for the RMAC are in line with the Revised Guidelines for Audit Committees released by the Monetary Authority of Singapore in 2014.

The RMAC conducts review of the Group's risk management framework and policies on a regular basis and reports all material updates/findings to the Board. Hence the Board is of the view that it would not be necessary to establish a separate risk committee to oversee and monitor the Group's risk management framework and policies as recommended under this Guideline.

With the help of the external firm, Virtus Assure Pte Ltd, serving as the independent internal auditor ("IA"), the Group has designed an enterprise risk management ("ERM") framework to monitor, manage and build awareness within the Group of the various risks to which the Group is exposed. The Board also reviews the Group's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks within the Group's policies and business strategies. The Board also determines the extent of significant risks which the Group is willing to take. The IA is retained to perform the Group's internal audit function and continues to update the Group's enterprise risk profile by facilitating management risk self-assessment to generate an updated risk register to be used by the RMAC to monitor measures implemented to mitigate the risks identified. The IA also reviews the manner in which the Group manages such risks. The objective of the risk assessment is to identify and assess risks which include key financial, operational, strategic, compliance and information technology risks as well as to evaluate the internal control systems.

The RMAC is regularly updated on the Group's risk management program and internal control systems. The RMAC reports all material updates to the Board.



# CORPORATE GOVERNANCE REPORT

9.2 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.

The Board receives assurance annually from the CEO, the CFO and key management personnel.

The RMAC and the Board have received assurance from the CEO and the CFO in respect of FY2022 and are of the opinion that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The RMAC and the Board have received assurance from the CEO and Management in respect of FY2022 that the Group's risk management and internal control systems are adequate, effective and provide reasonable 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.

Reviews and tests of the internal control procedures and systems are carried out by the IA. A Control Self-Assessment review is also conducted by the IA to assist the Board and Management to obtain assurance on the adequacy and effectiveness of the system of internal controls during the year.

The IA is satisfied with reasonable assurance that the systems of internal controls and risk management in place were adequate and effective to achieve the internal control objectives, including financial, operational, strategic, compliance and information technology controls of the Group in FY2022.

Based on the foregoing, the RMAC and the Board are satisfied with the adequacy and effectiveness of the Group's risk management systems and internal control systems including financial, operational, strategic, compliance and information technology controls.



# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

**Principle 10:** *The Board has an Audit Committee ("AC") which discharges its duties objectively.*

### Guideline of the Code

### Grand Banks Corporate Governance Practices

10.1 The duties of the AC include:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

The RMAC comprises four members: three independent directors and one non-executive non-independent director and functions under the RMAC's terms of reference approved by the Board.

The RMAC has unrestricted access to information pertaining to the Group, to both internal and external auditors and the full cooperation from the Management team to enable it to properly discharge its responsibilities. The RMAC has full discretion to invite any executive officer to attend its meetings and has access to other outside resources to enable it to perform its duties. The RMAC has explicit authority to investigate any matter within its terms of reference.

The RMAC and Management have continuously kept themselves updated on the changes to accounting standards, Listing Manual of the SGX-ST and other regulations which could have a direct impact on the Group's business and financial statements by attending relevant seminars conducted by Singapore Institute of Directors, the Big Four accounting firms, SGX and other organisations.

The RMAC meets on a quarterly basis to review the quarterly financial results of the Group, the audited annual financial statements, SGXNET announcements and all related disclosures to shareholders before submission to the Board for approval. In the process, the RMAC reviews and discusses with Management the accounting principles, estimates and judgement that were applied for adequate provisioning and disclosure, including critical accounting policies and any significant changes that would have an impact on the Group's financials. The RMAC also considers the reports from the external auditors, including their findings on the key areas of audit focus.



# CORPORATE GOVERNANCE REPORT

The significant matters that were discussed with Management and the external auditors, have been included as key audit matters (KAMs) in the audit report for the financial year ended 30 June 2022. These significant matters were i) impairment of non-financial assets, including goodwill and other intangible assets, and ii) accounting for construction contracts. Please refer to pages 60 and 61 of this Annual Report. RMAC's comments on the KAMs are listed below.

**KAM 1: Impairment of non-financial assets, including goodwill and other intangible assets****RMAC's Comments**

The Group performs an annual impairment assessment on non-financial assets including goodwill, which requires determination of the recoverable amount of cash generating unit (CGU) based on value-in-use. This requires Management to make significant judgements and estimates with regards to the computation of future cash flows, use of discount rates and other assumptions.

The RMAC reviewed the assessment by Management and queried the appropriateness of the assumptions made, including the consistent application of Management's methodology, the achievability of the business plans, assumption in relation to terminal growth in the business and the discount rates used. Considerable judgement was required in the preparation of the business plans. Having completed several new yacht models in recent years, the Management had better grasp of the future revenue and expenses growth rates.

The RMAC also reviewed the stress testing of Management's value-in-use calculation to ensure there is sufficient headroom over the carrying value of the CGU. The RMAC was satisfied with the appropriateness of the analyses performed by Management and had concurred that as of 30 June 2022, no impairment of the non-financial assets including goodwill allocated to the CGU was required.



# CORPORATE GOVERNANCE REPORT

## KAM 2: Accounting for construction contracts

### RMAC's Comments

The RMAC reviewed the Management's approach to the recognition of revenue, particularly revenue from sales of new yachts which is recognised progressively as construction progresses with reference to the percentage of completion method which involved the Management's assessment of the total budgeted cost of the yachts, which is a key input to determine the stage of completion of the yachts. Both the determination of the percentage of completion and the amount of profit to be recognised in the income statement involve judgement and are subject to estimation uncertainties.

Having built several new yacht models in recent years, the Management was able to estimate fairly accurately the labour, materials and overhead costs to build these new yachts. Management's estimates of these costs are continually being refined as more production data became available and had improved in accuracy.

The RMAC concurred with the Management's assessment on revenue recognition in the income statement.

- (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

The RMAC evaluates the adequacy and effectiveness of the Group's risk management systems and internal control systems including financial, operational, strategic, compliance and information technology controls and regulatory compliance of the Group through discussion with Management and both its internal and external auditors.

The RMAC also reviews the Group's compliance with the Listing Manual of the SGX-ST and Code of Corporate Governance including interested person transactions and whistle-blowing activities, if any.

- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

The RMAC reviews half-yearly the assurance from the CEO and the CFO that the financial records have been maintained properly and the financial statements give a true and fair view of the Group's operations and finances. The RMAC is satisfied with the assurance given.



# CORPORATE GOVERNANCE REPORT

- (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

The RMAC recommends to the Board the appointment, re-appointment and removal of external auditors, as well as the remuneration and terms of engagement of the external auditors.

The RMAC reviews the following: the scope of the independent auditors' audit plan; the cost-effectiveness of the independent audit; the independent auditors' reports and the significant financial reporting issues and judgements to assess the integrity of the Group's financial statements.

The RMAC also reviews the independence and objectivity of the external auditors.

The RMAC undertakes the review of the independence and objectivity of the external auditors through discussions with the external auditors as well as by reviewing the non-audit services provided and the fees paid to them. It is the opinion of the RMAC that the non-audit services provided by the external auditors do not affect the independence of the external auditors. The RMAC is satisfied with their independence and recommends the re-appointment of the external auditors at the AGM of the Company.

The breakdown of the fees paid in total to the external auditors for audit and non-audit services is shown on page 108 of this Annual Report.

The internal audit ("IA") function is outsourced to an external firm, Virtus Assure Pte Ltd.

The RMAC reviews the adequacy and effectiveness of internal audit plans, determines the scope of audit examination and approves the internal audit budget. It discusses the significant internal audit observations, as well as Management's responses and actions to correct any deficiencies, with Management and the external auditors.

The RMAC has reviewed the effectiveness of the internal audit firm and is satisfied that the internal audit firm is adequately resourced and staffed with qualified and experienced professionals with the relevant experience to carry out the internal audit function of the Group adequately.



# CORPORATE GOVERNANCE REPORT

- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The Group's employee handbook has sections on Ethics and Business Principles against Corruption that sets the guidelines regarding appropriate corporate behaviour and business ethics within the Group. The Group has also established a whistle-blowing policy which provides the channel for employees of the Group to raise, in good faith and in confidence, any concerns about improprieties in financial reporting or other matters, including those relating to its officers. Employees are encouraged to contact the directors (including independent directors) directly via phone or emails if they have any concerns. The directors have ensured the identities of all employees making such contacts will be kept confidential and they will not be penalised or be unfairly treated in any way. Contact details of the CEO, CFO and Chairman of RMAC have been made available to the employees. RMAC is responsible for the oversight and monitoring of whistle-blowing and will investigate all such incidents. There were no reported incidents pertaining to whistle-blowing in FY2022.

The RMAC has reviewed the Code of Ethics and Business Principles and the whistle-blowing policy and is satisfied with their appropriateness.

- 10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The RMAC comprises four members: three independent directors and one non-executive and non-independent director, all of whom are appropriately qualified to discharge their responsibilities and functions. The RMAC Chairman is an independent director.

The RMAC met four times during FY2022.

Please refer to Table A.1 for composition of the RMAC.

The RMAC members are appropriately qualified to discharge their responsibilities. Three members are trained in accounting and financial management. All members are familiar with financial statements. In addition, the RMAC Chairman is a Chartered Accountant by training.



# CORPORATE GOVERNANCE REPORT

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- 10.3 The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.
- None of the RMAC members is a former partner or director of the Company's existing auditing firm.
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- 10.4 The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.
- The IA reports directly to the RMAC.
- The RMAC approves the hiring, removal, evaluation and the fees of the IA. The IA has unfettered access to all the Group's documents, records, personnel and the RMAC.
- The internal audit function is outsourced to an external firm, Virtus Assure Pte Ltd.
- The IA is a Certified Internal Auditor and is guided by The Standards of The Institute of Internal Auditors in carrying out the internal audit functions of the Group.
- The RMAC has reviewed and determined that the internal audit firm has met or exceeded its obligations under the terms of engagement. It reviews and approves the annual internal audit plan as well as reviews the results of the regular audits including the monitoring of the implementation of the improvements required on internal control weaknesses identified. The Board is satisfied with the adequacy of the internal audit functions and is confident it has an appropriate standing within the Group, is adequately resourced and is independent of the activities it audits.
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- 10.5 The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.
- The RMAC met with the internal auditors and the external auditors separately, at least once a year, without the presence of the Management to review any areas of audit concern that might have arisen in the course of their audit.
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# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**Principle 11:** *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

#### Guideline of the Code

#### Grand Banks Corporate Governance Practices

11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at the general meetings of shareholders. Copies of the Annual Report, the Circular and the Notices of the AGM and/or Extraordinary General Meetings ("EGM"), where applicable, are available to every shareholder of the Company, informing them of the rules and voting procedures that govern the general meetings. The Notices of the general meetings are also advertised in the newspapers and announced via SGXNET and made available on the Company's website <http://grandbanks.listedcompany.com>.

For greater transparency and fairness in the voting process, voting at all the Company's general meetings are conducted by poll. This allows all shareholders to vote on a one-share-one-vote basis.

The Company appoints a polling agent for general meetings. The polling agent explains the rules and voting procedures to shareholders at the general meetings.

In view of the COVID-19 pandemic, the AGM on 28 October 2021 was held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Temporary Measures Order"). The Notice of AGM was sent to Unitholders by electronic means via publication on the Company's website. It was also released via SGXNET and made available on the SGX website. The Notice of AGM sets out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions in advance of the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM.



# CORPORATE GOVERNANCE REPORT

All Directors and the external auditors of the Company attended the AGM on 28 October 2021 via electronic means. No other Shareholders' meeting was held during the financial year under review. The Company received questions in advance from Shareholders and had published the responses to substantial and relevant questions as an SGXNET announcement accordingly.

The AGM on 27 October 2022 will be held via electronic means pursuant to the COVID-19 (Temporary Measures) Order as described above. At the upcoming AGM, Shareholders will also be able to submit questions "live" at the AGM through the "live" chat function via the audio-visual platform and also vote "live" by themselves or their duly appointed proxies via electronic means. Further details on the conduct of the upcoming AGM are set out in the Notice of AGM dated 11 October 2022 and its related announcement which have been made available on the Company's website and SGXNET.

11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

All the resolutions at general meetings are each separately tabled as single item resolutions.

The Company has employed electronic polling. All resolutions are put to vote by poll and the detailed results of the poll are announced at the meetings as well as in SGXNET.

11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.

The Chairmen of the Board, RMAC, NC, RC and SC are present at AGM and/or EGM to assist the Directors in addressing all queries raised by shareholders at the general meetings.

The external auditors, KPMG LLP, and internal auditors, Virtus Assure Pte Ltd, are also invited to attend the AGM to address any shareholders' queries about the conduct of their audits.



# CORPORATE GOVERNANCE REPORT

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11.4 The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Company's Constitution only allows for shareholders to vote in via mail, electronic mail or facsimile and does not allow voting in absentia. It does not place a limit on the number of proxies a shareholder can appoint.

The Company's Constitution allows any shareholder, who is unable to attend the general meetings in person, to appoint one or more proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than 24 hours before the time appointed for poll). The proxy form is sent with the notice of general meetings to all shareholders.

Due to the pandemic, the Company will not be sending to shareholders printed copies of its FY2022 Annual Report, the Notice of AGM and the Proxy Form for the forthcoming AGM on 27 October 2022. Copies of the documents for the AGM and the Proxy Form will be made available on the SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and at the Company's website at the URL <http://grandbanks.listedcompany.com>.

The voting results of all votes cast for or against each resolution (including the respective percentages) are disclosed during the general meetings and the same will be announced via SGXNET after the conclusion of the general meetings.

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11.5 The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

Presentations made at general meetings, the results and the minutes of the general meetings are published via SGXNET and made available on the Company's website.

The minutes of the Company's AGM held last year on 28 October 2021 were published, within a month of the AGM, on 17 November 2021.

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# CORPORATE GOVERNANCE REPORT

11.6 The company has a dividend policy and communicates it to shareholders.

Payment of dividends depends on the Group's earnings, financial position, results or operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

The Company has proposed payment of a final dividend for FY2022 of S\$0.005 per ordinary share (FY2021: S\$0.005 per ordinary share). The Board is working towards determining and adopting a dividend payment policy in future, and endeavours to pay dividends as and when the Group's profits are sustainable.

## ENGAGEMENT WITH SHAREHOLDERS

**Principle 12:** *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

### Guideline of the Code

### Grand Banks Corporate Governance Practices

12.1 The company provides avenues for communication between the Board and all shareholders and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

Both Executive and Non-Executive Board members meet or speak with key shareholders regularly to gather their views and address their concerns.

The Company has engaged an investor relations firm, WeR1 Consultants Pte Ltd, to build relationship with shareholders, investor communities and other stakeholders and to organise analyst briefings, factory tours and other events for investors and press releases.

Shareholders are also encouraged to share their views and feedback with the Company via its investor relation firm.

12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

In line with the Group's disclosure obligations pursuant to the SGX-ST Listing Rules and the Companies Act, the Board's policy is that all material and price sensitive information regarding the Company and the Group must be publicly released via SGXNET (in the form of notices, press releases, circulars and annual reports) and be accessible to all shareholders simultaneously in an accurate, comprehensive and timely manner. The Company does not practise selective disclosure of material information.



# CORPORATE GOVERNANCE REPORT

The Company has transitioned from reporting on a quarterly basis to reporting half yearly and full year announcement of its financial results in accordance with the amended Rule 705(2) of the Mainboard Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. The first such announcement was for the Half Yearly and Full Year Financial Statements for the Year Ended 30 June 2020. However, the Company will continue to provide quarterly updates of its performance and businesses within 45 days of the quarter-ends and update shareholders on material developments relating to the Group as and when appropriate in accordance with SGX-ST Listing Manual. Full year announcement of its final results will be provided within 60 days of the year-end.

The annual reports, circulars and notices of general meetings are available to shareholders by way of electronic means at least 14 days prior to the general meetings. The notices of general meetings are also advertised in The Business Times. Please also refer to Guideline 11.1.

The voting results of all votes cast for or against each resolution as disclosed during the general meetings are announced via SGXNET after the conclusion of the general meetings.

The Group also maintains a comprehensive website accessible to the public which describes the Group's products and business among other items.

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12.3 The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

Shareholders are encouraged to liaise with the Directors or the officers of the Company as well as its investor relation firm with questions and concerns. The names and contact details of key officers and investor relation firm are set out in the Corporate Information section of its annual reports.

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# CORPORATE GOVERNANCE REPORT

## MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

**Principle 13:** *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

Guideline of the Code	Grand Banks Corporate Governance Practices
<p>13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.</p>	<p>Stakeholders are groups that are impacted by the Group's businesses and operations and who also similarly impact the Group's businesses and operations. These stakeholder groups have been identified through an assessment of their significance to the business operations. They are namely customers, employees, shareholders/investor fraternity, suppliers/contractors, industry/peers, government/regulators and community/media/NGOs.</p> <p>The Group has regularly engaged its stakeholders through various medium and channels to ensure that its business interests are aligned with those of the stakeholders', to understand and address their concerns so as to improve the Groups' services and product standards, as well as to sustain business operations for long-term growth.</p>
<p>13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.</p>	<p>The strategy and key areas of focus in management of stakeholder relationships are outlined in its Sustainability Report on pages 144 to 146 of the Annual Report.</p> <p>The company has undertaken a process to determine the Environmental, Social and Governance ("ESG") issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.</p>
<p>13.3 The company maintains a current corporate website to communicate and engage with stakeholders.</p>	<p>All material information on the performance and development of the Group is disclosed in a timely and comprehensive manner through SGXNET, press releases, the Company's website <a href="http://grandbanks.listedcompany.com">http://grandbanks.listedcompany.com</a>. The Company does not practice selective disclosure of material information. The websites, which are updated regularly, contains various information on the Group and serve as important resources for all stakeholders.</p>



# CORPORATE GOVERNANCE REPORT

## OTHER CORPORATE GOVERNANCE MATTERS

### **Adequacy and effectiveness of internal controls and risk management systems**

(Listing Manual Rule 1207 (10))

This is covered in Guideline 9.2

### **Dealing in Securities**

(Listing Manual Rule 1207 (19))

The Company has adopted an internal code of best practices on dealings in securities, which has been disseminated and distributed to all officers and employees, to provide guidance to the officers, including directors of both the Company and its subsidiaries with regards to dealings in the Company's securities and to be mindful of the law on insider trading as prescribed by the Securities and Futures Act, the Companies Act and other appropriate authorities. It is an offence to deal in the Company's securities, while they are in possession of unpublished price-sensitive information of the Group.

Directors and officers of the Group are advised not to deal (whether directly or indirectly) in the Company's securities on short-term considerations or when they are in possession of unpublished price-sensitive information. The Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Group's half-year and full-year financial results and ending on the date of announcement of such results on the SGX-ST. The Directors and officers of the Group are also encouraged not to deal in the Company's securities during the two weeks before the Group's quarterly business updates and ending on the date of announcement of those quarterly updates on the SGX-ST. Such reminders include a computer-generated email sent to all directors and senior executives on a quarterly basis. Directors and senior executives are required to report to the Company Secretary whenever they deal in the Company's securities. The Company Secretary assists the RMAC and the Board in monitoring such shares transactions and making the necessary announcements.

"Directors and senior executives" include the following classes of employees:

- (1) All officers and directors;
- (2) All sales managers and those sales employees managing the independent dealers and brokers who sell the Group's yachts;
- (3) All significant participants in the financial consolidation process;
- (4) Others with significant management responsibility whose decisions can materially impact the Company's financial results; and
- (5) Certain administrative personnel who assist both the Company's Chief Financial Officer and Company Secretary in preparing all public announcements and materials distributed to the Board of Directors.

### **Interested Person Transactions**

(Listing Manual Rule 907 & 1207 (17))

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Listing Manual Rule 920.

There were no interested person transactions of S\$100,000 and above during the year.



# CORPORATE GOVERNANCE REPORT

## Material Contracts

(Listing Manual Rule 1207 (8))

No material contracts of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders existed at the end of the financial year or have been entered into since the end of the previous financial year other than that disclosed in Note 26 to the Financial Statements. In addition, no Director or a related company with a Director has received a benefit from any contract entered into by the Group since the end of the previous financial year.

## Whistleblowing Policy

(Listing Manual Rule 1207 (18A) & (18B))

This is covered in Guideline 10.1(f)

## Use of Proceeds

(Listing Manual Rule 1207 (20))

**Not applicable**

**Table A.1 – Composition of Board and Board Committees**

Name of Directors	Designation	RMAC	NC	RC	SC
Heine Askaer-Jensen	Chairman, Independent and Non-Executive Director	Member	Member	Chairman	Member
Basil Chan	Independent and Non-Executive Director	Chairman	Chairman	Member	–
Gerard Lim Ewe Keng	Non-Independent and Non-Executive Director	Member	Member	Member	–
Gary James Weisman	Independent and Non-Executive Director	Member	–	–	Chairman
Mark Jonathon Richards	Executive Director and Chief Executive Officer	–	–	–	Member



# CORPORATE GOVERNANCE REPORT

**Table A.2 – Details of each Director’s present and past three years directorships in other public listed companies and other Principal Commitments**

Name of Directors	Present Directorship in other listed companies	Other Principal Commitments	Past Directorship in listed companies held over the preceding three years
Heine Askaer-Jensen	Nil	Nil	Nil
Basil Chan	Memories Group Limited – Non-Executive Independent Director  Broadway Industrial Group Limited – Non-Executive Independent Director  Nera Telecommunication Ltd – Non-Executive Independent Director	MBE Corporate Advisory Pte Ltd	Global Invacom Group Limited – Non-Executive Independent Director  AEM Holdings Limited – Non-Executive Independent Director
Gerard Lim Ewe Keng	Nil	Kien Huat Realty Sdn Bhd	Nil
Gary James Weisman	Nil	Nil	Nil
Mark Jonathon Richards	Nil	Nil	Nil

**Table B – Number of Meetings held and Attendance by Directors at the Meetings**

Name of Directors	Board of Directors Meetings		RMAC Meetings		RC Meetings		NC Meetings		SC Meetings	
	No. held	No. attended*	No. held	No. attended*	No. held	No. attended*	No. held	No. attended*	No. held	No. attended*
Heine Askaer-Jensen	4	4/4	4	4/4	2	2/2	1	1/1	1	1/1
Basil Chan	4	4/4	4	4/4	2	2/2	1	1/1	NA	NA
Gerard Lim Ewe Keng	4	4/4	4	4/4	2	2/2	1	1/1	NA	NA
Gary James Weisman	4	4/4	4	4/4	NA	NA	NA	NA	1	1/1
Mark Jonathon Richards	4	4/4	NA	NA	NA	NA	NA	NA	1	1/1

NA – Not applicable as he is not a member of the Committee.

\* – The numerator denotes the number of meetings the director attended while the denominator denotes the number of meetings he could have attended.  
For example, 4/4 means the director attended four meetings out of four meetings he could have attended i.e. 100% attendance.



# CORPORATE GOVERNANCE REPORT

**Table C – Directors subject for re-appointment**

The Directors named below are retiring by rotation pursuant to Article 86 of the Company's Constitution and being eligible, the retiring Directors have given their consent for re-appointment at the Company's forthcoming AGM on 27 October 2022:

Board Members	Date of appointment	Date of last election
Mark Jonathon Richards	1 August 2014	24 October 2019
Gary James Weisman	28 October 2015	28 October 2020

**Table D.1 – Remuneration of Directors and CEO**

The tables below show the remuneration bands of the Directors (including the CEO) and the remuneration of the top five executives of the Group (who are not Directors or the CEO) and breakdown of the remuneration for FY2022.

### Remuneration of Directors (including the CEO)

Remuneration Band & Name of Directors	Base/Fixed Salary <sup>(1)</sup> S\$	Share Plan S\$	Bonus S\$	Directors' Fees S\$	Other Benefits S\$	Total S\$
<b>S\$750,001 to S\$1,000,000</b>						
Mark Jonathon Richards	626,400	–	200,000	–	50,900	877,300
<b>Below S\$250,000</b>						
Heine Askaer-Jensen	–	–	–	76,000	–	76,000
Basil Chan	–	–	–	69,500	–	69,500
Gerard Lim Ewe Keng	–	–	–	53,000	–	53,000
Gary James Weisman	–	–	–	54,000	–	54,000

**Note:**

(1) Inclusive of Central Provident Fund contributions, other defined contribution plans and other fixed monthly payments.

	FY2022	Proposed for FY2023
Directors' fees schedule for:		
Board members:	S\$35,000	S\$35,000
Chairman of the Board: additional	S\$13,000	S\$13,000
Member of the RMAC:	S\$9,000	S\$9,000
Chairman of the RMAC: additional	S\$11,000	S\$11,000
Member of other Committees:	S\$4,500	S\$4,500
Chairman of other Committees: additional	S\$5,500	S\$5,500



# CORPORATE GOVERNANCE REPORT

**Table D.2 – Remuneration of Top Five Management Personnel**

**Remuneration of Top Five Management Personnel (who are not Directors or the CEO)**

Remuneration Band & Name of Management Personnel	Base/Fixed Salary <sup>(1)</sup>	Share Plan	Bonus	Commission	Other Benefits <sup>(2)</sup>	Total
<b>S\$500,001 to S\$750,000</b>						
Samuel Henry Compton	72%	–	–	28%	–	100%
<b>S\$250,000 to S\$500,000</b>						
Ashwin Bhatt	89%	–	–	–	11%	100%
Chiam Heng Huat	87%	–	13%	–	–	100%
James David Craig	100%	–	–	–	–	100%
Roy Peter Ditmarsch	100%	–	–	–	–	100%

Total aggregate remuneration paid to the top five management personnel (who are not Directors or the CEO) for FY2022 was S\$1,826,762 (FY2021: S\$1,838,413).

**Notes:**

(1) Inclusive of Central Provident Fund contributions, other defined contribution plans and other fixed monthly payments.

(2) Inclusive of benefits-in-kind.



# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2022.

In our opinion:

- (a) the financial statements set out on pages 65 to 123 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Directors

The directors in office at the date of this statement are as follows:

Heine Askaer-Jensen  
Basil Chan  
Gerard Lim Ewe Keng  
Mark Jonathon Richards  
Gary James Weisman

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

The Company	Ordinary Shares		Share Options	
	Holdings at beginning of year	Holdings at end of year	Holdings at beginning of year	Holdings at end of year
Heine Askaer-Jensen*	701,500	701,500	–	–
Basil Chan*	301,500	301,500	–	–
Gerard Lim Ewe Keng*	212,000	212,000	–	–
Mark Jonathon Richards*	11,025,400	11,025,400	1,350,000	1,350,000
Gary James Weisman*	275,000	275,000	–	–

\* The Company's Articles of Association require each director to hold at least 1,000 shares.



## DIRECTORS' STATEMENT

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There was no change in any of the above mentioned interests in the Company between the end of the financial year and 7 October 2022.

Except as disclosed under the "Share awards and share options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Share awards and share options

Grand Banks Performance Share Plan 2014 ("PSP") and Grand Banks Employee Share Option Scheme 2014 ("ESOS") were approved and adopted by its members at an Extraordinary General Meeting of the Company held on 8 October 2014. The PSP and the ESOS are based on the principle of pay for performance and is designed to enable the Company to reward, retain and motivate employees whose contributions are essential to the well-being and prosperity of the Group, to give recognition to outstanding employees who have contributed to the Group and to align the interests of the participants with the interests of shareholders.

The PSP and ESOS is administered by the Company's Remuneration Committee, which comprises two independent directors and one non-independent non-executive director. The Plan and the Scheme shall continue in force, at the discretion of the Remuneration Committee, subject to a maximum of ten years commencing 8 October 2014. Any awards and options made to participants prior to such expiry or termination will continue to remain valid.

Members of the Remuneration Committee are:

- Heine Askaer-Jensen (Chairman)
- Basil Chan
- Gerard Lim Ewe Keng

Other information regarding the PSP and ESOS are set out below:

- (i) 3,450,000 ESOS granted by the Company to five executives (including executive directors) and four non-executive directors on 2 March 2015 to take up unissued shares in the Company upon the vesting of two years' service condition from the grant date.
- (ii) 300,000 ESOS granted by the Company to one executive on 5 July 2017 to take up unissued shares in the Company upon the vesting of two years' service condition from the grant date.



# DIRECTORS' STATEMENT

At the end of the year, details of the ESOS plan on unissued ordinary shares of the Company are as follow:

Date of grant of options	Exercise price per share	Options outstanding at 1 July 2021	Options exercised	Options expired	Options outstanding at 30 June 2022	Options exercisable at 30 June 2022	Exercise period
2/3/2015(A)	\$0.228	2,400,000	–	–	<b>2,400,000</b>	<b>2,400,000</b>	2/3/2017 to 1/3/2025
5/7/2017(B)	\$0.280	300,000	–	–	<b>300,000</b>	<b>300,000</b>	5/7/2019 to 4/7/2027
		<b>2,700,000</b>	–	–	<b>2,700,000</b>	<b>2,700,000</b>	

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

The information regarding ESOS are set out as follow:

(A)

- The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant. The exercise price of the option is \$0.228 per share.
- The 3,450,000 options granted on 2 March 2015 were issued at market price which was the average of the last dealt prices of the Company's shares over the five consecutive market days immediately preceding the grant date. Options granted previously of 250,000 and 200,000 were forfeited in 2016 and 2020 respectively, due to the cessation of employment of one executive director and one non-executive director.
- The options can be exercised two years after the date of grant, and all options have vested as at 30 June 2022.
- All options are to be settled by physical delivery of shares.
- The options granted to key management personnel expire after ten years and options granted to non-executive directors expire after five years.

(B)

- The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant. The exercise price of the option is \$0.28 per share.
- The 300,000 options granted on 5 July 2017 were issued at market price which was the average of the last dealt prices of the Company's shares over the five consecutive market days immediately preceding the grant date.
- The options can be exercised two years after the date of grant.
- All options are to be settled by physical delivery of shares.
- The options granted to key management personnel expire after ten years and options granted to non-executive directors expire after five years.



## DIRECTORS' STATEMENT

Details of options granted to directors of the Company under the Scheme outstanding as at reporting date are as follow:

Director	Exercise period	Options granted for financial year ended 30 June 2022	Aggregate options granted since commencement to 30 June 2022	Aggregate options exercised since commencement to 30 June 2022	Aggregate options forfeited/ expired since commencement to 30 June 2022	Aggregate options outstanding as at 30 June 2022
Mark Jonathon Richards	2/3/2017 to 1/3/2025	-	1,350,000	-	-	1,350,000

### Size of the PSP and ESOS

The total number of new shares which may be allotted and issued to the participants shall not exceed 15% of the total number of issued shares of the Company.

No individual recipients of awards or options have been granted more than 5% of the total number of awards or options that can be granted under the PSP and the ESOS.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

### Risk Management and Audit Committee

The members of the Risk Management and Audit Committee during the year and at the date of this statement are as follows:

Basil Chan	(Chairman, Non-executive and independent director)
Heine Askaer-Jensen	(Non-executive and independent director)
Gerard Lim Ewe Keng	(Non-executive and non-independent director)
Gary James Weisman	(Non-executive and independent director)

The Risk Management and Audit Committee performs the functions specified by section 201B of the Companies Act, the SGX Listing Manual and the Code of Corporate Governance.

The Risk Management and Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Risk Management and Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Risk Management and Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- interim financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).



# DIRECTORS' STATEMENT

The Risk Management and Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Risk Management and Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Risk Management and Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing the auditors for the Company and subsidiaries, the Company has complied with Rules 712 and 715 of the SGX Listing Manual.

## **Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

## **Mark Jonathon Richards**

*Director*

## **Heine Askaer-Jensen**

*Director*

7 October 2022



# INDEPENDENT AUDITORS' REPORT

Members of the Company  
Grand Banks Yachts Limited

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Grand Banks Yachts Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 123.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# INDEPENDENT AUDITORS' REPORT

## ***Impairment of non-financial assets, including goodwill and other intangible assets***

Refer to Note 2.4 Key sources of estimation uncertainties (a): Estimation of recoverable amount for cash generating unit containing goodwill and Note 7 – Intangible assets.

### **The key audit matter**

The Group recorded goodwill of \$6.4 million that arose from the acquisition of Palm Beach Motor Yacht Co Pty Ltd. The goodwill was allocated to the manufacturing and trading segment, which represents the lowest level within the Group at which goodwill is monitored.

In addition, as at 30 June 2022, the Group's market capitalisation was below its net assets. This is an indication that the Group's non-financial assets may be impaired.

Non-financial assets relate to the same cash generating unit (CGU) to which the goodwill is allocated to. They are included and assessed concurrently in the annual goodwill impairment testing.

Management applies the value-in-use (VIU) method to determine the recoverable amount of the CGU. Key assumptions and estimates used in the value-in-use calculations include revenue and expenses growth rates and the applicable discount rates. The determination of these assumptions involve judgement and is subject to estimation uncertainties.

### **How the matter was addressed in our audit**

Our procedures, amongst others, include the following:

- Evaluated management's basis of determination and identification of the CGU within the Group.
- Compared historical forecasts against historical performance to assess the reliability of management's forecast process.
- Assessed the key assumptions, including revenue and expenses growth rates, and discount rates by comparing them with historical performance, future business plans and externally derived data where available.
- Considered the adequacy of the Group's disclosures made in the financial statements in respect to the impairment testing.

### **Findings:**

The result of our evaluation on the Group's recoverable amount was consistent with management's assessment.



# INDEPENDENT AUDITORS' REPORT

## **Accounting for construction contracts**

Refer to Note 2.4 Key sources of estimation uncertainties (d): Recognition of revenue using percentage of completion method, Note 3.11 Revenue recognition, Note 20 – Revenue.

### **The key audit matter**

The Group's largest revenue stream is derived from construction contracts. Revenue for such contracts are accounted for based on the stage of completion of individual contracts. The stage of completion is determined using cost-to-cost method (i.e., actual cost installed and incurred over estimated total cost to complete each contract).

Both the determination of the percentage of completion and the amount of profit to be recognised in the income statement involve judgement and are subject to estimation uncertainties. Such estimates include budgeted total costs (labour, materials and overhead costs) of delivering the entire contract.

### **How the matter was addressed in our audit**

Our procedures, amongst others, include the following:

- Tested the controls designed and applied by the Group over the preparation and authorisation of budgeted costs, absorption of the labour, materials and overhead costs, and accuracy and completeness over the actual cost installed and incurred.
- Assessed the reliability of management's estimation of the budgeted costs by comparing samples of the final outcomes of the contracts completed during the year to previous estimates of costs for those contracts.
- For significant contract revenue recognised during the year, we assessed the reasonableness of revenue recognised with reference to the percentage of completion determined and enquired with management on the progress of construction to identify possible delays or cost overruns that may require revision in budgeted contract costs or provision for foreseeable losses.
- Considered the adequacy of the Group's disclosure in the financial statements.

### **Findings:**

The result of our evaluation on the Group's revenue recognition was consistent with management's assessment.



# INDEPENDENT AUDITORS' REPORT

## *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



# INDEPENDENT AUDITORS' REPORT

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



# INDEPENDENT AUDITORS' REPORT

## **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Yek Lee Doreen.

### **KPMG LLP**

*Public Accountants and  
Chartered Accountants*

### **Singapore**

7 October 2022



# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	27,852	25,269	-	-
Right-of-use assets	5	6,195	6,630	-	-
Subsidiaries	6	-	-	38,016	38,016
Intangible assets	7	7,475	8,014	-	-
Deferred tax assets	8	3,958	2,858	-	-
		<b>45,480</b>	42,771	<b>38,016</b>	38,016
<b>Current assets</b>					
Inventories	9	14,587	14,840	-	-
Contract assets	20	7,281	2,764	-	-
Trade and other receivables	10	8,131	586	3,931	7,417
Prepayments	11	1,177	1,250	17	17
Current tax recoverable		1	4	-	-
Cash and cash equivalents	12	36,337	45,213	4,056	780
		<b>67,514</b>	64,657	<b>8,004</b>	8,214
<b>Total assets</b>		<b>112,994</b>	107,428	<b>46,020</b>	46,230
<b>Current liabilities</b>					
Trade and other payables	13	16,380	13,612	419	367
Contract liabilities	20	23,923	23,315	-	-
Provisions	14	3,923	4,235	-	-
Interest-bearing loans and borrowings	15	1,216	1,060	-	-
Deferred consideration	16	557	517	-	-
Lease liabilities	25	198	164	-	-
		<b>46,197</b>	42,903	<b>419</b>	367
<b>Non-current liabilities</b>					
Deferred tax liabilities	8	301	358	-	-
Interest-bearing loans and borrowings	15	2,310	1,957	-	-
Deferred consideration	16	580	1,099	-	-
Lease liabilities	25	121	239	-	-
		<b>3,312</b>	3,653	-	-
<b>Total liabilities</b>		<b>49,509</b>	46,556	<b>419</b>	367
<b>Capital and reserves</b>					
Share capital	17	43,136	43,136	43,136	43,136
Share-based compensation reserve	18	381	381	381	381
Foreign currency translation reserve	19	(554)	(76)	-	-
Accumulated profits		20,522	17,431	2,084	2,346
<b>Total equity</b>		<b>63,485</b>	60,872	<b>45,601</b>	45,863
<b>Total equity and liabilities</b>		<b>112,994</b>	107,428	<b>46,020</b>	46,230

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
Revenue	20	<b>75,177</b>	96,061
Cost of sales		<b>(55,214)</b>	(75,371)
<b>Gross profit</b>		<b>19,963</b>	20,690
Selling and marketing expenses		<b>(10,637)</b>	(9,084)
Administrative expenses		<b>(5,852)</b>	(5,996)
Other operating expenses, net		<b>(800)</b>	(433)
<b>Total operating expenses</b>		<b>(17,289)</b>	(15,513)
<b>Profit from operations</b>		<b>2,674</b>	5,177
Other non-operating income, net	21	<b>505</b>	685
Finance cost	15	<b>(231)</b>	(219)
<b>Profit before tax</b>	21	<b>2,948</b>	5,643
Tax credit/(expense)	22	<b>1,066</b>	(1,417)
<b>Profit for the year attributable to owners of the Company</b>		<b>4,014</b>	4,226
		<b>2022 Cents</b>	<b>2021 Cents</b>
<b>Earnings per share</b>			
– Basic	24	<b>2.17</b>	2.29
– Diluted	24	<b>2.17</b>	2.29

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2022

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the year</b>	<b>4,014</b>	4,226
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Translation differences relating to financial statements of foreign subsidiaries	<b>(478)</b>	(384)
<b>Other comprehensive income for the year, net of income tax</b>	<b>(478)</b>	(384)
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>3,536</b>	3,842

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2022

	Share capital \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>Group</b>					
At 1 July 2021	43,136	381	(76)	17,431	60,872
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	4,014	4,014
<b>Other comprehensive income</b>					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(478)	–	(478)
Total other comprehensive income	–	–	(478)	–	(478)
<b>Total comprehensive income for the year</b>	–	–	(478)	4,014	3,536
<b>Transactions with owners, recorded directly in equity</b>					
Tax exempt (one-tier) dividend paid of \$0.005 per ordinary share	–	–	–	(923)	(923)
<b>Total transactions with owners</b>	–	–	–	(923)	(923)
At 30 June 2022	<b>43,136</b>	<b>381</b>	<b>(554)</b>	<b>20,522</b>	<b>63,485</b>
At 1 July 2020	43,136	381	308	13,205	57,030
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	4,226	4,226
<b>Other comprehensive income</b>					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(384)	–	(384)
Total other comprehensive income	–	–	(384)	–	(384)
<b>Total comprehensive income for the year</b>	–	–	(384)	4,226	3,842
At 30 June 2021	43,136	381	(76)	17,431	60,872

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2022

	Note	Group	
		2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Profit after tax		4,014	4,226
Adjustments for:			
Depreciation of property, plant and equipment	4	4,510	4,706
Depreciation of right-of-use assets	5	359	512
Amortisation of intangible assets	7	127	130
Property, plant and equipment written off		-	2
Loss on disposal of property, plant and equipment	21	-	138
Allowance/(Write-back) for inventories obsolescence, net	21	482	(28)
Loan forgiveness	15	-	(642)
Interest income	21	(41)	(19)
Interest expense	15	231	219
Tax (credit)/expense	22	(1,066)	1,417
Unrealised foreign exchange gain loss/(gain)		138	(368)
		<b>8,754</b>	10,293
Changes in:			
- Inventories		(400)	6,283
- Trade and other receivables		(6,620)	(4)
- Prepayments		68	(482)
- Contract assets		(4,597)	8,533
- Contract liabilities		404	12,879
- Trade and other payables		1,714	4,271
- Provisions		(264)	(103)
Cash (used in)/generated from operations		(941)	41,670
Net income taxes paid		(36)	(123)
<b>Net cash (used in)/generated from operating activities</b>		<b>(977)</b>	41,547
<b>Cash flows from investing activities</b>			
Interest received		41	19
Proceeds from disposal of property, plant and equipment		-	47
Purchase of property, plant and equipment		(7,186)	(4,813)
<b>Net cash used in investing activities</b>		<b>(7,145)</b>	(4,747)

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2022

	Note	Group	
		2022 \$'000	2021 \$'000
<b>Cash flows from financing activities</b>			
Interest paid	15	(231)	(219)
Dividend paid		(923)	–
Repayment of lease liabilities	15	(148)	(301)
Repayment of interest bearing loans and borrowings	15	(4,378)	(1,604)
Repayment of deferred consideration	15	(521)	(501)
Proceeds from interest bearing loans and borrowings	15	4,852	192
<b>Net cash used in financing activities</b>		<b>(1,349)</b>	<b>(2,433)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9,471)</b>	<b>34,367</b>
Cash and cash equivalents at beginning of year		45,213	10,717
Effect of exchange rate changes on balances held in foreign currency		595	129
<b>Cash and cash equivalents at end of year</b>	12	<b>36,337</b>	<b>45,213</b>

## Significant non-cash transaction

In 2021, addition to plant and machinery relating to purchase of travel lift under debt financing was paid directly from the bank to a supplier amounting to \$562,000. This payment to a supplier by the bank is considered non-cash transaction.

The accompanying notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 7 October 2022.

## 1 DOMICILE AND ACTIVITIES

Grand Banks Yachts Limited (the 'Company') is incorporated in Singapore. The address of the Company's registered office is 21 Bukit Batok Crescent, Wcega Tower, #06-74, Singapore 658065.

The financial statements of the Group as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The principal activities of the Company are those of an investment holding company with significant subsidiaries in the business of manufacturing and selling luxury yachts worldwide. See Note 6 for additional information on the subsidiaries.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The changes to significant accounting policies are described in note 2.5.

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

### 2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.4 Use of estimates and judgements (Continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are describe below:

#### a. Estimation of recoverable amount for cash generating unit containing goodwill

When value-in-use calculations are undertaken, the Group estimates the expected future cash flows from the cash generating unit and choose a suitable discount rate in order to calculate the present value of these cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 7.

#### b. Measurement of allowance for inventories obsolescence

The Group and subsidiaries review the inventories for their usability and indicators of obsolescence and provide allowance for inventory obsolescence when necessary to estimate the net realisable value of these inventories. This requires management to make estimates regarding the expected utilisation, level of demand and indicators of obsolescence based on past utilisation of similar inventories and their usage pattern. The allowance made for inventories obsolescence is disclosed in Note 9.

#### c. Measurement for provision for warranty claims

The provision recognised represents management's best estimate of the present value of the future cost required in the event that warranty claims arise. Management assesses the provision based on historical warranty data. Significant estimates and assumptions are made in determining the amount of warranty provision. The provision recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Movements in the provision for warranty claims are disclosed in Note 14.

#### d. Recognition of revenue using percentage of completion method

The Group recognises revenue on construction contract based on the percentage of completion method in proportion to the stage of completion. The stage of completion is determined using cost-to-cost method by reference to the actual cost installed and incurred to date over the estimated total cost to complete for each contract. Significant estimates are required in determining the appropriate stage of completion by estimating the budgeted total cost to complete. Revenue from construction contract is disclosed in Note 20.

#### e. Recognition of deferred tax assets

The Group has potential tax benefits arising from unutilised tax losses, capital allowances and other temporary differences, which are available for set off against future taxable profits of its subsidiaries. Significant judgement and estimation are involved in determining the availability of future taxable profits against which the subsidiaries can utilise the tax benefits. Where the financial outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets of the subsidiaries in the period in which such determination is made.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.4 Use of estimates and judgements (Continued)

#### **Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Risk Management and Audit Committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in Note 27.

### 2.5 Changes in accounting policies

#### **New standards and amendments**

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 July 2021:

- *COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5 which addresses changes in accounting policies.

### 3.1 Basis of consolidation

#### *Business combinations*

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as the fair value of the consideration transferred over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in income statement.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in income statement.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (Continued)

#### ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

#### ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### ***Subsidiaries in the separate financial statements***

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

### 3.2 Foreign currency

#### ***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in income statement.

#### ***Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income (OCI) and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the foreign currency translation reserve in equity.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment

#### *Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in income statement.

#### *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

#### *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in income statement on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. No depreciation is provided on freehold land or in respect of assets under construction.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives are as follows:

Buildings on freehold land	–	10 to 27 years
Buildings on leasehold land	–	Shorter of remaining lease period or 28 years
Plant and machinery	–	10 years
Furniture, fixtures and equipment	–	3 to 5 years
Toolings and moulds	–	3 to 5 years
Motor vehicles and work boats	–	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Intangible assets and goodwill

#### **Goodwill**

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

#### *Subsequent measurement*

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually.

#### **Trademarks**

Trademarks with finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation of trademarks are recognised in income statement on a straight-line basis over their estimated useful life of 20 years.

#### **Other intangible assets**

Other intangible assets pertains to order backlog and club membership that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

### 3.5 Financial instruments

#### **(i) Recognition and initial measurement**

##### Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### **(ii) Classification and subsequent measurement**

##### Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Financial instruments (Continued)

#### (ii) *Classification and subsequent measurement* (Continued)

##### Non-derivative financial assets (Continued)

##### **Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

##### Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Financial instruments (Continued)

#### (ii) *Classification and subsequent measurement* (Continued)

Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

#### **Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in income statement. Any gain or loss on derecognition is recognised in income statement.

Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Such financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income statement.

The Group's non-derivative financial liabilities comprised trade and other payables and interest-bearing loans and borrowings and deferred consideration.

#### (iii) **Derecognition**

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expired; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Financial instruments (Continued)

#### (iii) **Derecognition** (Continued)

##### Financial assets (Continued)

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in income statement.

#### (iv) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (v) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

#### (vi) **Share capital**

Ordinary share are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividend declared are recognised directly as a liability and as distribution to owners when it is approved by the shareholders.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of office and factory, leasehold building and land the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments and lease payment in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income statement if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases relating to rental of hostel and berths. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment

- (i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised costs and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

#### ***Simplified approach***

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

#### ***General approach***

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding beyond management's expected range of past due days taking into consideration past payment trends, macroeconomic and industry conditions.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment (Continued)

- (i) Non-derivative financial assets and contract assets (Continued)

#### **General approach** (Continued)

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default (as defined above);
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

#### Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment (Continued)

#### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Subject to an operating segment ceiling for the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average costing principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The amount of any allowance for inventories obsolescence are recognised as an expense in the period the loss occurs. The amount of any reversal of any allowance for inventories obsolescence is recognised as a reduction against the expense in the period in which the reversal occurs.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### ***Provision for warranty claims***

The warranty provision represents the best estimate of the Group's contractual obligations at the reporting date. Under the terms of the revenue contracts with customers, the Group is obligated to make good, by repair or replacement, engineering or manufacturing defects that become apparent within the warranty period from the date of delivery. The contractual warranty obligation is for one year. The Group's experience of the proportion of its products sold that requires repair or replacement differs from year to year as every contract is customised to the specification of the customers. The estimation of the provision for warranty expenses is based on the Group's past claim experience in relation to warranty exposures and represents the best estimates of the costs expected to incur per dollar of sales.

#### ***Provision for restoration***

A provision for restoration of offices under lease agreement is recognised as the Group has obligation to restore the offices back to its original condition as per the lease agreement. See Note 3.6.

### 3.10 Employee benefits

#### ***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in income statement in the periods during which related services are rendered by employees.

#### ***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### ***Share-based payment transactions***

The grant date fair value of equity-settled share-based payment award granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the vesting period of the award. The amount recognised as an expense is adjusted to reflect the number of equity instruments for which the related service conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of equity instruments that meet the related service conditions at the vesting date.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Employee benefits (Continued)

#### *Termination benefits*

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

### 3.11 Revenue recognition

#### *Goods and services sold*

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price for the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

### 3.12 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.12 Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits adjusted for reversals of existing temporary differences are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

### 3.13 Interest income

Interest income is recognised as it accrues in income statement, under 'Other non-operating income' using the effective interest method.

### 3.14 Foreign currency gains and losses

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis under 'Other non-operating income/(expenses)' depending on whether foreign currency movements are in a net gain or net loss position.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Finance cost

Finance costs comprise interest expense on borrowings and lease liabilities. These are recognised in income statement.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in income statement using the effective interest method.

### 3.16 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grants. Grant that is provided in the form of loan forgiveness is recognised as and when the loan is forgiven by the government. Grants that compensate the Group for expenses incurred are recognised in the income statement as 'Other non-operating income' on a systematic basis in the same periods in which the expenses are recognised. 'Other non-operating income' is presented net of 'Other non-operating income/(expenses)' in the income statement.

### 3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise of share options grant to employees.

### 3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.19 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Insurance Contracts (SFRS(I) 17 and amendments to SFRS(I) 17)*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 4 PROPERTY, PLANT AND EQUIPMENT

Group Cost	Buildings on	Freehold	Buildings on	Plant and	Furniture,	Tools and	Motor	Assets	Total
	freehold	land*	leasehold	machinery#	fixtures and	and moulds	vehicles and	under	
	land	land	land	machinery#	equipment	and moulds	work boats	construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2020	1,941	2,844	12,102	4,379	4,454	33,117	273	1,815	60,925
Additions	112	578	100	788	307	944	-	2,546	5,375
Disposals	-	-	(117)	(478)	(61)	(61)	(35)	-	(752)
Write-off	-	-	-	(308)	(76)	(14,001)	-	-	(14,385)
Reclass	-	-	-	-	122	3,395	-	(3,517)	-
Translation adjustment	(97)	(101)	(64)	(19)	(54)	47	(1)	3	(286)
At 30 June 2021	1,956	3,321	12,021	4,362	4,692	23,441	237	847	50,877
At 1 July 2021	1,956	3,321	12,021	4,362	4,692	23,441	237	847	50,877
Additions	-	289	1,360	481	541	-	21	4,494	7,186
Reclass	-	-	-	-	87	1,630	-	(1,717)	-
Translation adjustment	98	126	(266)	(81)	(69)	(686)	(3)	81	(800)
At 30 June 2022	<b>2,054</b>	<b>3,736</b>	<b>13,115</b>	<b>4,762</b>	<b>5,251</b>	<b>24,385</b>	<b>255</b>	<b>3,705</b>	<b>57,263</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Buildings on freehold land \$'000	Buildings on leasehold land \$'000	Freehold land* \$'000	Furniture, fixtures and equipment \$'000	Tools and moulds and machinery# \$'000	Motor vehicles and work boats \$'000	Assets under construction \$'000	Total \$'000
<b>Group</b>									
<b>Accumulated depreciation and impairment losses</b>									
At 1 July 2020		164	6,025	-	2,390	24,779	156	-	35,860
Charge for the year	21	40	172	-	855	3,250	37	-	4,706
Disposals		-	(61)	-	(42)	(12)	(35)	-	(567)
Write-off		-	-	-	(76)	(14,001)	-	-	(14,383)
Translation adjustment		(18)	(38)	-	(40)	101	-	-	(8)
At 30 June 2021		186	6,098	-	3,087	14,117	158	-	25,608
At 1 July 2021		186	6,098	-	3,087	14,117	158	-	25,608
Charge for the year	21	28	155	-	801	3,035	28	-	4,510
Translation adjustment		19	(142)	-	(38)	(485)	(2)	-	(707)
At 30 June 2022		<b>233</b>	<b>6,111</b>	<b>-</b>	<b>3,850</b>	<b>16,667</b>	<b>184</b>	<b>-</b>	<b>29,411</b>
<b>Carrying amounts</b>									
At 1 July 2020		1,777	6,077	2,844	2,033	8,338	117	1,815	25,065
At 30 June 2021		1,770	5,923	3,321	2,400	9,324	79	847	25,269
At 30 June 2022		<b>1,821</b>	<b>7,004</b>	<b>3,736</b>	<b>2,396</b>	<b>7,718</b>	<b>71</b>	<b>3,705</b>	<b>27,852</b>

\* Included in freehold land is a submerged land with carrying amount of \$87,000 (2021: \$84,000) charged against bank borrowings (see Note 15).

# Included in plant and machinery are travel lifts with carrying amount of \$780,000 (2021: \$684,000) that are charged against bank borrowings (see Note 15).



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Assets under construction

Assets under construction relate mainly to expenditures incurred for retooling existing moulds, construction of new moulds and roofing works.

## 5 RIGHT-OF-USE ASSETS

	Note	Office and factory lease \$'000	Buildings on leasehold land \$'000	Leasehold land* \$'000	Total \$'000
<b>Group Cost</b>					
At 1 July 2020		726	497	6,139	7,362
Additions		531	–	–	531
De-recognition of lease #		(728)	–	–	(728)
Translation adjustment		26	(3)	(36)	(13)
At 30 June 2021		555	494	6,103	7,152
At 1 July 2021		555	494	6,103	7,152
Additions		87	–	–	87
Translation adjustment		(31)	(12)	(145)	(188)
At 30 June 2022		<b>611</b>	<b>482</b>	<b>5,958</b>	<b>7,051</b>
<b>Accumulated depreciation</b>					
At 1 July 2020		440	17	179	636
Depreciation charge for the year	21	316	17	179	512
De-recognition of lease #		(638)	–	–	(638)
Translation adjustment		14	–	(2)	12
At 30 June 2021		132	34	356	522
At 1 July 2021		132	34	356	522
Depreciation charge for the year	21	193	–	166	359
Translation adjustment		(13)	(1)	(11)	(25)
At 30 June 2022		<b>312</b>	<b>33</b>	<b>511</b>	<b>856</b>
<b>Carrying amounts</b>					
At 1 July 2020		286	480	5,960	6,726
At 30 June 2021		423	460	5,747	6,630
At 30 June 2022		<b>299</b>	<b>449</b>	<b>5,447</b>	<b>6,195</b>

\* Charged against bank borrowings (see Note 15).

# De-recognition is related to lease expiration amounting to \$603,000 and termination of a lease with cost of \$125,000 and accumulated depreciation of \$35,000.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 6 SUBSIDIARIES

	Company	
	2022 \$'000	2021 \$'000
Unquoted ordinary shares, at cost	21,726	21,726
Unquoted preference shares, at cost	15,222	15,222
Equity investments, at cost	36,948	36,948
Amounts due from a subsidiary (non-current)	1,068	1,068
Total	38,016	38,016

The non-current amounts due from a subsidiary of \$1,068,000 (2021: \$1,068,000) are unsecured and the settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, part of the Company's net investment in the subsidiary, they are stated at cost.

### *Details of the subsidiaries*

The subsidiaries directly held by the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Company	
			2022 %	2021 %
+ GB Yachts Pte. Ltd. ("GBS")	The subsidiary carries out the Group's sales activities and provides certain management services to the Malaysia, United States of America ("USA") and Australia subsidiaries.	Singapore	100	100
@ Grand Banks Yachts Sdn. Bhd.	The subsidiary operates the manufacturing plant in Malaysia and sells the manufactured yachts to the Singapore, USA and Australia subsidiaries.	Malaysia	100	100
# Grand Banks Yachts Australia Pty Ltd	The subsidiary carries out the Group's sales and marketing activities in Australia. It also sells new and previously owned yachts.	Australia	100	100



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 6 SUBSIDIARIES (CONTINUED)

### *Details of the subsidiaries* (Continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Company	
			2022 %	2021 %
∞ Palm Beach Motor Yacht Co Pty Ltd ("PBMV")	The subsidiary carries out the Group's sales and marketing activities in Australia. It also sells new and previously owned yachts as well as being involved in brokerage business in Australia.	Australia	100	100

The significant subsidiaries held by the Company's subsidiary companies are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Company	
			2022 %	2021 %
<b>Subsidiary of GBS</b>				
∞ Grand Banks Marine Group, Ltd. ("GBMG")	The subsidiary is an investment holding company with significant subsidiaries carrying out sales, marketing and service activities in USA.	United States of America	100	100
<b>Subsidiaries of GBMG</b>				
# Grand Banks Yachts Sales, LLC ("GBYS")	The subsidiary carries out the Group's sales and marketing activities, including sales of new and previously owned yachts and also involved in brokerage sales in USA.	United States of America	100	100
# Grand Banks Yachts Services, LLC	The subsidiary carries out the Group's service activities in USA.	United States of America	100	100
# Grand Banks Yachts Employment Service, LLC	The subsidiary carries out the Group's employment activities in USA.	United States of America	100	100



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 6 SUBSIDIARIES (CONTINUED)

### *Details of the subsidiaries* (Continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Company	
			2022 %	2021 %
<b>Subsidiaries of GBYS</b>				
# Stuart Yacht Corporation ("SYC")	Owner and landlord of the property and marina.	United States of America	100	100
# Grand Banks Yachts Sales California, Inc.	The subsidiary carries out the Group's sales and marketing activities, including sales of new and previously owned yachts and also involved in brokerage sales in California.	United States of America	100	100
# Grand Banks Yachts Sales Florida, LLC	The subsidiary carries out the Group's sales and marketing activities, including sales of new and previously owned yachts and also involved in brokerage sales in Florida.	United States of America	100	100
# Grand Banks Yachts Sales Rhode Island, LLC	The subsidiary carries out the Group's sales and marketing activities, including sales of new and previously owned yachts in Rhode Island.	United States of America	100	100
# Grand Banks Yachts Sales Michigan, LLC	The subsidiary carries out the Group's sales and marketing activities, including sales of new and previously owned yachts in Michigan.	United States of America	100	100
<b>Subsidiary of PBMY</b>				
# GB Marine Group Pty Ltd (Previously known as Palm Beach Motor Yachts Asia Limited)	Dormant	Australia	100	100

# Not required to be audited by law of country of incorporation.

@ Audited by overseas affiliates of KPMG LLP, Singapore.

+ Audited by KPMG LLP, Singapore.

∞ Audited by KPMG LLP, Singapore for consolidation purpose and not required to be audited by law of company of incorporation.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 7 INTANGIBLE ASSETS

	Note	Goodwill \$'000	Trade marks \$'000	Others \$'000	Total \$'000
<b>Group</b>					
<b>Cost</b>					
At 1 July 2020		6,430	2,263	533	9,226
Translation adjustment		351	111	25	487
At 30 June 2021		6,781	2,374	558	9,713
At 1 July 2021		6,781	2,374	558	9,713
Write-off		–	–	(490)	(490)
Translation adjustment		(351)	(111)	–	(462)
At 30 June 2022		<b>6,430</b>	<b>2,263</b>	<b>68</b>	<b>8,761</b>
<b>Accumulated amortisation</b>					
At 1 July 2020		–	970	533	1,503
Amortisation	21	–	130	–	130
Translation adjustment		–	41	25	66
At 30 June 2021		–	1,141	558	1,699
At 1 July 2021		–	1,141	558	1,699
Amortisation	21	–	127	–	127
Write-off		–	–	(490)	(490)
Translation adjustment		–	(50)	–	(50)
At 30 June 2022		<b>–</b>	<b>1,218</b>	<b>68</b>	<b>1,286</b>
<b>Carrying amounts</b>					
At 1 July 2020		6,430	1,293	–	7,723
At 30 June 2021		6,781	1,233	–	8,014
At 30 June 2022		<b>6,430</b>	<b>1,045</b>	<b>–</b>	<b>7,475</b>

The Group holds trademarks for Grand Banks, Eastbay and Palm Beach on a worldwide basis.

### **Impairment tests for cash-generating units containing goodwill**

Goodwill arose from the acquisition of Palm Beach Motor Yacht Co Pty Ltd. For the purpose of impairment testing, goodwill of \$6,430,000 (2021: \$6,781,000) is allocated to the manufacturing and trading segment which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. Non-financial assets such as property, plant and equipment and right-of-use assets are included in the CGU and are assessed concurrently in the annual goodwill impairment testing.

The recoverable amount of a cash-generating unit is determined based on value-in-use determined by discounting the future cash flows to be generated from the continuing use of the cash-generating unit. Cash flows projection used in the value-in-use calculation was based on a five-year (2021: five-year) financial budget approved by management.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 7 INTANGIBLE ASSETS (CONTINUED)

### *Impairment tests for cash-generating units containing goodwill* (Continued)

	Group	
	2022 %	2021 %
Compounded annual revenue growth rate	3.7	4.0
Weighted average expenses growth rate	2.7	3.9
Terminal value growth rate	0.0	0.0
Discount rate (pre-tax)	15.7	13.0

Based on the assumptions above, the estimated recoverable amount of the cash-generating unit exceeded its carrying amount. Accordingly, no impairment is required at the reporting date.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$77,935,000 (2021: \$82,175,000). Management has identified that a reasonably possible change in these key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for the carrying amount to equal the recoverable amount	
	2022 %	2021 %
Compounded annual revenue growth rate	(3.4)	(3.0)
Weighted average expenses growth rate	3.6	3.1

## 8 DEFERRED TAX ASSETS AND (LIABILITIES)

Deferred tax assets and (liabilities) are attributable to the following:

	Assets		Liabilities	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Group</b>				
Property, plant and equipment and intangible assets	63	47	(885)	(1,140)
Inventories	616	509	-	-
Provisions and accruals	952	1,194	-	-
Tax losses and capital allowances	2,232	1,890	-	-
Tax incentives	679	-	-	-
<b>Deferred tax assets/(liabilities)</b>	<b>4,542</b>	<b>3,640</b>	<b>(885)</b>	<b>(1,140)</b>
Set off of tax	(584)	(782)	584	782
<b>Net deferred tax assets/(liabilities)</b>	<b>3,958</b>	<b>2,858</b>	<b>(301)</b>	<b>(358)</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 8 DEFERRED TAX ASSETS AND (LIABILITIES) (CONTINUED)

Movements in temporary differences of deferred tax assets and liabilities during the year:

	At 1 July 2020 \$'000	Recognised in income statement (Note 22) \$'000	Translation adjustment \$'000	At 1 July 2021 \$'000	Recognised in income statement (Note 22) \$'000	Translation adjustment \$'000	At 30 June 2022 \$'000
<b>Group</b>							
<b>Deferred tax assets (liabilities)</b>							
Property, plant and equipment and intangible assets	(375)	(588)	(130)	(1,093)	209	62	(822)
Inventories	–	512	(3)	509	122	(15)	616
Provisions and accruals	2,076	(899)	17	1,194	(306)	64	952
Tax losses and capital allowances	2,149	(332)	73	1,890	495	(153)	2,232
Tax incentives	–	–	–	–	691	(12)	679
Net deferred tax assets/ (liabilities)	3,850	(1,307)	(43)	2,500	1,211	(54)	3,657

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 \$'000	2021 \$'000
Unutilised tax losses and capital allowances	630	3,883

The unutilised tax losses and capital allowances are subject to agreement by the tax authorities and do not expire under current tax legislation. Deferred tax assets have been recognised in respect of these items to the extent that it is probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

## 9 INVENTORIES

	Group	
	2022 \$'000	2021 \$'000
Raw materials and components	15,775	16,138
Allowance for inventory obsolescence	(3,233)	(2,816)
	12,542	13,322
Completed stock boat at net realisable value	1,508	1,441
Work-in-progress	537	77
	14,587	14,840



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 9 INVENTORIES (CONTINUED)

In 2022, changes in raw materials and components, stock boat and work-in-progress included in cost of sales amounted to \$46,040,981 (2021: \$70,071,790).

Usage of raw materials, changes in work-in-progress and changes in finished goods are main components of the cost of sales shown in income statement. Cost of sales also includes an allowance for inventory obsolescence which is provided to be consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Stock boats are carried at lower of cost and net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the reporting date. These estimates take into consideration market demand, competition, and selling price and cost directly relating to events occurring after the end of the financial year to the extent that such events confirm conditions existing at the end of the financial year.

### Allowance for inventory obsolescence

	Group	
	2022 \$'000	2021 \$'000
At 1 July	(2,816)	(2,868)
Allowance made during the year	(584)	(173)
Written-back during the year	102	201
Translation adjustment	65	24
At 30 June	<b>(3,233)</b>	(2,816)

## 10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables	8,020	471	-	-
Refundable deposits	111	115	-	-
Amounts due from subsidiaries (non-trade)	-	-	3,931	7,417
	<b>8,131</b>	586	<b>3,931</b>	7,417

The current outstanding balances with subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances with subsidiaries.

The Group's credit and currency risks and impairment losses for trade and other receivables are disclosed in Note 27.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 11 PREPAYMENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Payments in advance for purchases of raw materials and components	451	844	-	-
Prepaid operating expenses	726	406	17	17
	<b>1,177</b>	1,250	<b>17</b>	17

## 12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and bank balances	9,406	8,470	55	80
Short-term deposits	26,931	36,743	4,001	700
Cash and cash equivalents in the statement of cash flows	<b>36,337</b>	45,213	<b>4,056</b>	780

Bank balances earns interest at floating rates based on the daily bank deposits rates. Short-term deposits are placed for varying periods of between 6 to 120 days (2021: 5 to 183 days) and earn interest at rates averaging from Nil% to 2.46% (2021: Nil% to 2.00%) per annum.

## 13 TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables	4,383	2,048	-	-
Advance from customers	1,899	1,613	-	-
Accrued operating expenses	10,098	9,951	419	367
	<b>16,380</b>	13,612	<b>419</b>	367



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 14 PROVISIONS

	Warranties \$'000	Restoration \$'000	Restructuring \$'000	Total \$'000
<b>Balance at 1 July 2021</b>	4,217	18	–	4,235
<b>Changes during the year</b>				
Provisions made during the year	2,175	–	–	2,175
Write-back	–	–	–	–
Claims expended during the year	(2,439)	–	–	(2,439)
Translation adjustment	(48)	–	–	(48)
<b>Balance at 30 June 2022</b>	<b>3,905</b>	<b>18</b>	<b>–</b>	<b>3,923</b>
<b>Balance at 1 July 2020</b>	3,304	96	910	4,310
<b>Changes during the year</b>				
Provisions made during the year	2,625	17	–	2,642
Write-back	–	–	(266)	(266)
Claims expended during the year	(1,700)	(100)	(679)	(2,479)
Translation adjustment	(12)	5	35	28
<b>Balance at 30 June 2021</b>	<b>4,217</b>	<b>18</b>	<b>–</b>	<b>4,235</b>

### Warranties

The provision for warranty is set up to cover the estimated liability in respect of warranty claims for the sale of completed yachts. The provision is based on historical warranty claims for the past four years. The warranty period is over the next twelve months.

### Restructuring

In 2020, the Group committed to a plan to restructure its manufacturing site in Australia to Malaysia. The provision for restructuring mainly includes restructuring pay-outs to employees in Palm Beach Motor Yacht Co Pty Ltd. The Group has incurred these costs when the manufacturing site in Australia shut down in December 2020. The restructuring activities were completed in 2021.

## 15 INTEREST-BEARING LOANS AND BORROWINGS

	Group	
	2022 \$'000	2021 \$'000
Secured bank loan		
– Current	1,216	1,060
– Non-current	2,310	1,957
	<b>3,526</b>	<b>3,017</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 15 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

As at 30 June 2022, the Group's subsidiaries have secured bank loan of \$3,526,000 (2021: \$3,017,000):

- The outstanding bank loan denominated in Malaysian Ringgit amounting to \$1,288,000 (2021: \$2,308,000) is secured over the leasehold land of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, which has a carrying amount of \$5,447,000 (2021: \$5,747,000) (see Note 5), while the outstanding bank loan denominated in United States dollars amounting to \$1,587,000 (2021: \$192,000) is secured over freehold submerged land of the Group's service yard in Florida, USA which has a carrying amount of \$87,000 (2021: \$84,000) (see Note 4).

Both loans have corporate guarantees provided by the Company to the respective banks. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee provided.

- The outstanding bank loan denominated Malaysian Ringgit amounting to \$190,000 (2021: \$Nil) is secured over a travel lift located at the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, which has a carrying amount of \$227,000 (2021: \$Nil), while the outstanding bank loan denominated in United States dollars amounting to \$461,000 (2021: \$517,000) is secured over a travel lift located at the Group's service yard in Florida, which has a carrying amount of \$553,000 (2021: \$684,000). Both travel lifts were included in the Group's plant and machinery (see Note 4).

The secured bank loans bear an interest rate ranging from 3.95% to 5.25% (2021: 3.95% to 5.25%) per annum and are repayable between year 2022 to 2026 (2021: 2021 to 2026). Interest rates are repriced within the year.

### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Interest-bearing loans and borrowings \$'000	Deferred consideration (Note 16) \$'000	Lease liabilities (Note 25) \$'000	Total \$'000
<b>Balance at 1 July 2021</b>	3,017	1,616	403	5,036
<b>Changes from financing cash flows</b>				
Repayment of interest-bearing loans and borrowings	(4,378)	–	–	(4,378)
Repayment of deferred consideration	–	(521)	–	(521)
Payment of lease liabilities	–	–	(148)	(148)
Proceed from interest-bearing loans and borrowings	4,852	–	–	4,852
Interest paid	(154)	(56)	(21)	(231)
<b>Total changes from financing cash flows</b>	320	(577)	(169)	(426)
<b>The effect of changes in foreign exchange rates</b>	35	42	(23)	54
<b>Other changes</b>				
Recognition of extension options	–	–	87	87
Finance cost	154	56	21	231
<b>Total liability-related other changes</b>	154	56	108	318
<b>Balance at 30 June 2022</b>	<b>3,526</b>	<b>1,137</b>	<b>319</b>	<b>4,982</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 15 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

### Reconciliation of movements of liabilities to cash flows arising from financing activities (Continued)

	Liabilities			Total \$'000
	Interest-bearing loans and borrowings \$'000	Deferred consideration (Note 16) \$'000	Lease liabilities (Note 25) \$'000	
<b>Balance at 1 July 2020</b>	4,545	2,188	268	7,001
<b>Changes from financing cash flows</b>				
Repayment of interest-bearing loans and borrowings	(1,604)	–	–	(1,604)
Repayment of deferred consideration	–	(501)	–	(501)
Payment of lease liabilities	–	–	(301)	(301)
Proceed from interest-bearing loans and borrowings	192	–	–	192
Interest paid	(127)	(77)	(15)	(219)
<b>Total changes from financing cash flows</b>	<b>(1,539)</b>	<b>(578)</b>	<b>(316)</b>	<b>(2,433)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(36)</b>	<b>(71)</b>	<b>12</b>	<b>(95)</b>
<b>Other changes</b>				
New leases	–	–	514	514
De-recognition of lease	–	–	(90)	(90)
Loan forgiveness (see note 21)	(642)	–	–	(642)
Non-cash transaction	562	–	–	562
Finance cost	127	77	15	219
<b>Total liability-related other changes</b>	<b>47</b>	<b>77</b>	<b>439</b>	<b>563</b>
<b>Balance at 30 June 2021</b>	<b>3,017</b>	<b>1,616</b>	<b>403</b>	<b>5,036</b>

## 16 DEFERRED CONSIDERATION

	Group	
	2022 \$'000	2021 \$'000
Secured promissory note		
– Current	557	517
– Non-current	580	1,099
	<b>1,137</b>	<b>1,616</b>

On 9 May 2018, one of the subsidiaries issued a promissory note to the seller for the acquisition of assets of Stuart Yacht Corporation. The promissory note is denominated in United States dollars and is secured over the shares of Stuart Yacht Corporation. The secured promissory note bears a fixed interest rate of 4% per annum and is repayable between year 2018 to 2024.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 17 SHARE CAPITAL

	2022		2021	
	Number of shares '000	\$'000	Number of shares '000	\$'000
<b>Fully paid:</b>				
Beginning of the year and end of the year	<b>184,635</b>	<b>43,136</b>	184,635	43,136

A holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per ordinary share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### **Capital management**

The Group considers capital to be its share capital. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustment to it, in the light of changes in economic and financial market conditions. The Group may adjust the dividend payout to shareholders, buy back or issue new shares to optimise capital structure within the Group. The Group is in a net cash position. Net cash is calculated as cash and cash equivalents less external borrowings, if any.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

## 18 SHARE-BASED COMPENSATION RESERVE

The share-based compensation reserve comprises the cumulative value of services received from employees recorded on grant of equity settled share options and share awards. The expense for service received was recognised over the vesting period of 2 March 2015 to 2 March 2017 and 5 July 2017 to 5 July 2019.

## 19 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 20 REVENUE

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Revenue from construction contracts

<b>Nature of goods or services</b>	The Group manufactures and sell luxury yachts worldwide.
<b>When revenue is recognised</b>	Revenue is recognised with reference to the stage of completion of the contract activity at the reporting date. The stage of completion is determined using cost-to-cost method (i.e., actual cost installed and incurred over estimated total cost to complete each contract).
<b>Significant payment terms</b>	Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified construction milestones. If the value of the construction services rendered exceeds progress billings to the customer, a contract asset is recognised. Conversely, a contract liability is recognised when progress billings to the customer exceeds the value of the construction services rendered. Payment is due within seven days from date of progress billings.
<b>Obligations for warranties</b>	Under the terms of the revenue contracts with customers, the Group is obligated to make good, by repair or replacement, engineering or manufacturing defects that become apparent within the warranty period from the date of delivery. The contractual warranty obligation is for one year.

Revenue from boat brokerage

<b>Nature of goods or services</b>	The Group generates brokerage revenue through facilitating the sale of boats between interested buyers and sellers. The Group earns commission income from the brokerage deals.
<b>When revenue is recognised</b>	Revenue is recognised when the brokerage deal is completed.
<b>Significant payment terms</b>	Invoice is issued when brokerage boat is delivered to the end customer. Payment is due within seven days from date of invoice.

Rendering of services

<b>Nature of goods or services</b>	The Group provides boat servicing to its customers. Services sold are separate from the construction contracts and the Group accounts for the services separately.
<b>When revenue is recognised</b>	Revenue is recognised when services rendered to boats are completed.
<b>Significant payment terms</b>	Invoice is issued when services have been performed. Payment is due within seven days from date of invoice.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 20 REVENUE (CONTINUED)

Sale of stock boats, trade-in boats and parts

<b>Nature of goods or services</b>	The Group generates revenue from the sale of stock boats, trade-in boats and other spare parts of boats.
<b>When revenue is recognised</b>	Revenue is recognised when control have been transferred to the buyer. Revenue excludes goods and services taxes and other sales taxes, and is derived at after deduction of trade discounts.
<b>Significant payment terms</b>	Invoice is issued when parts are delivered to the customer. Parts payment is due within seven days from date of invoice. For stock and trade-in boats, payment is required before delivery.
<b>Obligations for warranties</b>	Under the terms of the revenue contracts with customers, the Group is obligated to make good, by repair or replacement, engineering or manufacturing defects that become apparent within the warranty period from the date of delivery for stock boats manufactured by the Group. The contractual warranty obligation is for one year. There is no warranty applicable for sale of parts or boats that are not manufactured by the Group.

### Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines, timing of revenue recognition and primary geographical markets.

	Group	
	2022 \$'000	2021 \$'000
Revenue from construction contracts	63,093	68,511
Revenue from boat brokerage*	6,112	4,839
Rendering of services	5,819	2,757
Sales of stock boats	-	6,857
Sales of trade-in boats	-	12,269
Sales of parts	153	828
	<b>75,177</b>	<b>96,061</b>
<b>Timing of revenue recognition</b>		
Transferred at a point in time	12,084	27,550
Transferred over time	63,093	68,511
	<b>75,177</b>	<b>96,061</b>
<b>Revenue contributed by primary geographical markets:</b>		
United States of America	44,765	73,906
Australia	29,372	12,001
Europe (including United Kingdom)	531	10,152
Asia	509	2
	<b>75,177</b>	<b>96,061</b>

\* The related brokerage costs included in selling and marketing expenses amounted to \$3,019,000 (2021: \$2,555,000).



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 20 REVENUE (CONTINUED)

### Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2022 \$'000	2021 \$'000
Trade receivables	8,020	471
Contract assets	7,281	2,764
Contract liabilities	<b>(23,923)</b>	(23,315)

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract liabilities primarily relate to advance consideration received from customers for which the performance obligations have not been satisfied.

These assets and liabilities are reported in the statements of financial position on a contract by contract basis at the end of each reporting period. If the value of services rendered exceeds progress billings to the customers, a contract asset is recognised and presented separately in the statements of financial position. The contract asset is transferred to trade receivables when the entitlement to payment becomes unconditional. If the progress billings to the customer or advance payments received or receivable exceeds the value of services rendered, a contract liability is recognised and separately presented in the statements of financial position.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Contract assets		Contract liabilities	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	-	-	<b>18,648</b>	10,731
Increase due to cash received, excluding amounts recognised as revenue during the year	-	-	<b>(19,256)</b>	(23,315)
Contract asset reclassified to trade receivables	<b>(2,764)</b>	(11,596)	-	-
Changes in measurement of progress	<b>7,281</b>	2,764	-	-

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 21 PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Note	Group	
		2022 \$'000	2021 \$'000
Wages, salaries and other employee benefits		26,386	26,585
Contributions to defined contribution plans, included in wages and salaries related costs		1,411	1,555
Restructuring write-back		–	(266)
Allowance/(Write-back) for inventories obsolescence, net		482	(28)
Property, plant and equipment written off		–	2
Depreciation of property, plant and equipment	4	4,510	4,706
Depreciation of right-of-use assets	5	359	512
Amortisation of intangible assets	7	127	130
Loss on disposal of property, plant and equipment		–	138
Provision for warranty claims	14	2,175	2,625
Brokerage commission expenses		3,019	2,555
Auditors' remuneration:			
– auditors of the Company		300	265
– overseas affiliates of KPMG LLP		60	55
Non-audit fees paid to:			
– auditors of the Company		62	76
Short-term lease expenses		109	146
<b>Other non-operating income, net</b>			
Foreign exchange gain/(loss), net		33	(436)
Interest income from bank		41	19
Government grants*		296	1,095
Sundry income		37	14
Others		98	(7)
		<b>505</b>	<b>685</b>

\* In 2022, The Group received wages subsidy from the Malaysia Government amounting to \$296,000 (2021: \$263,000) due to the COVID-19 pandemic.

Additionally, in 2021, the Group recognised grant income amounting to \$642,000 in the form of loan forgiveness from the U.S. Small Business Administration pertaining to loan taken up in prior year. The Group also received Government's Economic Relief from the Australian Taxation Office amounting to \$50,000 and Job Support Scheme from the Singapore Government amounting to \$132,000 due to the COVID-19 pandemic. The remaining grants were related to Wages Credit Scheme received from the Singapore Government amounting to \$8,000.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 22 TAX (CREDIT)/EXPENSE

	Group	
	2022 \$'000	2021 \$'000
<b>Current tax</b>		
Current year	145	121
Over provision in prior years	-	(11)
	<b>145</b>	<b>110</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(716)	975
Recognition of tax effect of previously unrecognised tax losses and capital allowances	(495)	332
	<b>(1,211)</b>	<b>1,307</b>
<b>Tax (credit)/expense</b>	<b>(1,066)</b>	<b>1,417</b>

### Reconciliation of effective tax rate

	Group	
	2022 \$'000	2021 \$'000
Profit before tax	<b>2,948</b>	<b>5,643</b>
Tax at the domestic rates applicable to profits in the countries where the Group operates	764	1,035
Adjustments:		
Non-deductible expenses	73	160
Tax-exempt income	(546)	(423)
Unutilised tax losses and capital allowances not recognised	189	436
Recognition of previously unrecognised capital allowances and tax losses	(976)	332
Tax incentives	(691)	-
Recognition of previously unrecognised temporary differences	(24)	(222)
Overprovision in prior years	-	(11)
Withholding tax	128	117
Others	17	(7)
	<b>(1,066)</b>	<b>1,417</b>

## 23 SHARE-BASED COMPENSATION

Grand Banks Performance Share Plan 2014 ("PSP") and Grand Banks Employee Share Option Scheme 2014 ("ESOS") were approved and adopted by its members at an Extraordinary General Meeting of the Company held on 8 October 2014. The PSP and the ESOS are based on the principle of pay for performance and is designed to enable the Company to reward, retain and motivate employees whose contributions are essential to the well-being and prosperity of the Group, to give recognition to outstanding employees who have contributed to the Group and to align the interests of the participants with the interests of shareholders.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 23 SHARE-BASED COMPENSATION (CONTINUED)

The Group has the following share-based payment arrangements:

### ESOS (equity-settled)

On 2 March 2015, the Group granted 3,450,000 share options to eligible employees and directors to take up unissued shares in the Company which will vest after a two years-service period. The exercise period of the options is five years from the date of grant for non-executive directors and ten years from the date of grant for key management personnel.

The Group further granted 300,000 share options to one executive on 5 July 2017 to take up unissued shares in the Company with similar terms as the grant on 2 March 2015.

At the end of the year, details of the ESOS plan on unissued ordinary shares of the Company are as follow:

Date of grant of options	Exercise price per share	Options outstanding at 1 July 2021	Options exercised	Options expired	Options outstanding at 30 June 2022	Options exercisable at 30 June 2022	Exercise period
<b>2022</b>							
2/3/2015	\$0.228	2,400,000	–	–	<b>2,400,000</b>	<b>2,400,000</b>	2/3/2017 to 1/3/2025
5/7/2017	\$0.280	300,000	–	–	<b>300,000</b>	<b>300,000</b>	5/7/2019 to 4/7/2027
		<b>2,700,000</b>	–	–	<b>2,700,000</b>	<b>2,700,000</b>	
<b>2021</b>							
2/3/2015	\$0.228	2,400,000	–	–	2,400,000	2,400,000	2/3/2017 to 1/3/2025
5/7/2017	\$0.280	300,000	–	–	300,000	300,000	5/7/2019 to 4/7/2027
		<b>2,700,000</b>	–	–	<b>2,700,000</b>	<b>2,700,000</b>	

No share options were exercised in 2022 and 2021.

### Measurement of fair values

The fair value of the ESOS has been measured using binomial method at the grant date. Service conditions attached to the scheme were not taken into account in measuring fair value. Expected volatility is estimated by considering historical share price volatility particularly over the historical period commensurate with the expected term of the ESOS. The inputs used in the measurement of the fair values at grant date of the ESOS are as follows:



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 23 SHARE-BASED COMPENSATION (CONTINUED)

### *Fair value of ESOS and assumptions*

	ESOS		
Option term	10 years	5 years	10 years
Date of grant of options	5 July 2017	2 March 2015	2 March 2015
Fair value at grant date	\$0.0705	\$0.0703	\$0.0704
Share price at grant date	\$0.280	\$0.230	\$0.230
Exercise price	\$0.280	\$0.228	\$0.228
Expected volatility	46%	56%	56%
Option life (expected exercise period)	2.90 years	2.56 years	3.33 years
Expected dividends	1%	1%	1%
Risk-free interest rate (based on government bonds)	1.32%	1.14%	1.29%

During the year, the Group charged \$Nil (2021: \$Nil) to the income statement based on the fair value of the share options at the grant date as it has been fully expensed over the vesting period from 2 March 2015 to 2 March 2017 and 5 July 2017 to 5 July 2019.

## 24 EARNINGS PER SHARE

	Group	
	2022	2021
<b><i>Basic earnings per share</i></b>		
Basic earnings per share is based on:		
Profit for the year (\$'000)	<b>4,014</b>	4,226
Number of shares outstanding at beginning of the year ('000)	<b>184,635</b>	184,635
Weighted average number of ordinary shares at the end of the year ('000)	<b>184,635</b>	184,635
<b><i>Diluted earnings per share</i></b>		
Diluted earnings per share is based on:		
Profit for the year (\$'000)	<b>4,014</b>	4,226
Number of shares outstanding at beginning of the year ('000)	<b>184,635</b>	184,635
Weighted average number of unissued ordinary shares from share options ('000)	<b>2,700</b>	2,700
Weighted average number of ordinary shares that would have been issued at average market price under the share options plan ('000)	<b>(2,155)</b>	(2,513)
Weighted average number of ordinary shares at the end of the year ('000)	<b>185,180</b>	184,822



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 25 LEASES

	2022 \$'000	2021 \$'000
Current	198	164
Non-current	121	239
	<b>319</b>	<b>403</b>

### Leases as lessee (SFRS(I) 16)

The Group leases land and office space. The lease for land has a remaining lease period of 30 years (2021: 31 years). The leases for office space typically run for three to four years.

### Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstance within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$632,000 (2021: \$703,000).

## 26 SIGNIFICANT RELATED PARTY TRANSACTIONS

Key management personnel of the Group are those having the authority and responsibility for planning, directing and controlling the activities of the Group. The Chief Executive Officer, Chief Business Officer, Chief Financial Officer and the Board of Directors are considered as key management personnel of the Group.

	Group	
	2022 \$'000	2021 \$'000
Short-term benefits	1,680	1,973
Contribution to defined contribution plans	63	54
	<b>1,743</b>	<b>2,027</b>

### Transactions

The Chief Executive Officer leased his property in Australia to a subsidiary, Palm Beach Motor Yacht Co Pty Ltd, for the use as manufacturing facility. The total rental paid by the Group was \$Nil (2021: \$177,000). The lease lapsed on 28 February 2021.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Overview

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group has established its general risk management philosophy to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risks to ensure that an appropriate balance between risk and control is achieved and to reflect changes in market conditions.

### Risk management framework

The Risk Management and Audit Committee oversees how management monitors compliance with the Group's risk management framework and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Risk Management and Audit Committee is assisted in its oversight role by an independent Internal Audit organisation. This independent Internal Audit organisation undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk Management and Audit Committee.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets and contract assets represent the Group's maximum exposures to credit risk.

The Group manages its credit risk through the application of credit approvals and monitoring procedures. Management considers the demographics of its customer base including the default risk associated with the customers' profile and background, and the industry and country in which customer, operate as these factors may impact the Group's credit risk profile.

The Group's credit review includes the consideration of historical loss rates, financial status and industry information.

### Exposure to credit risk

#### Trade receivables and contract assets

As at 30 June 2022, there were no significant concentrations of credit risk. A summary of the Group's exposures to credit risk for trade receivables and contract assets is as follows:

	2022 Not credit- impaired \$'000	2021 Not credit- impaired \$'000
<i>Receivables measured at lifetime ECL</i>		
Trade receivables	8,020	471
Contract assets	7,281	2,764
	<b>15,301</b>	<b>3,235</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### ***Expected credit loss assessment***

The Group uses ECL model for the impairment of trade receivables and contract assets. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to applying experienced credit judgement), these exposures are considered to have low credit risk. Impairment on these balances have been measured on the lifetime expected credit loss basis. The amount of the allowance on trade receivables and contract assets are insignificant.

### **Non-trade amount due from subsidiaries**

Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections), these exposures are considered to have low credit risk. The amount of allowance is insignificant.

### **Other receivables**

Other receivables are short-term in nature. Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of exposures. The Group considers its receivables to have low credit risk and the amounting allowance on other receivables is insignificant.

### **Cash and cash equivalents**

Cash and cash equivalents are placed with financial institutions, which are regulated. The amount of the allowance on cash and cash equivalents is insignificant.

### **Guarantees**

The risk to which the Company is exposed is credit risk in connection with guarantees contract it has issued for a promissory note issued by a subsidiary (see Note 16). The credit risk represents the loss that would be recognised upon a default by the subsidiary to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the subsidiary it is providing the guarantee on behalf of. There are no terms and conditions attached to the guarantee contract that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

Estimates of the Company's obligation arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The Company has assessed that the subsidiary has strong financial capacity to meet the contractual cash flow obligations in the near future and hence does not expect significant credit loss from the guarantee. The Company's assessment is based on qualitative and quantitative factors that are indicative of the risk of default. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of reporting date, there is no provision made in respect of the obligations (refer Note 16).



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows				
	Note	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>						
<b>30 June 2022</b>						
Trade and other payables*	13	12,026	12,026	12,026	-	-
Interest-bearing loans and borrowings	15	3,526	3,881	1,321	2,520	40
Lease liabilities	25	319	336	211	125	-
Deferred consideration	16	1,137	1,186	593	593	-
<b>30 June 2021</b>						
Trade and other payables*	13	9,099	9,099	9,099	-	-
Interest-bearing loans and borrowings	15	3,017	3,203	1,346	1,726	131
Lease liabilities	25	403	439	188	251	-
Deferred consideration	16	1,616	1,718	573	1,145	-
<b>Company</b>						
<b>30 June 2022</b>						
Trade and other payables	13	419	419	419	-	-
<b>30 June 2021</b>						
Trade and other payables	13	367	367	367	-	-

\* Excludes advance from customers and employee benefits.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to interest-earning cash and cash equivalents.

	Note	Group		Company	
		Carrying amount		Carrying amount	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Fixed rate instruments</b>					
Short-term deposits	12	26,931	36,743	4,001	700
Deferred consideration	16	(1,137)	(1,616)	-	-
		<b>25,794</b>	<b>35,127</b>	<b>4,001</b>	<b>700</b>

	Note	Group		Company	
		Carrying amount		Carrying amount	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Variable rate instruments</b>					
Cash and bank balances	12	9,406	8,470	55	80
Interest-bearing loans and borrowings	15	(3,526)	(3,017)	-	-
		<b>5,880</b>	<b>5,453</b>	<b>55</b>	<b>80</b>

In respect of the fixed rate instruments, a change in interest rates at the reporting date will not affect profit or loss. For variable rate instruments, the sensitivity analysis as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
	<b>100 bp increase</b>			
Increase in profit before tax	59	55	1	1

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Foreign currency risk

The foreign currency exposure arising from transactions denominated in foreign currencies is mainly the United States Dollar (USD), Singapore Dollar (SGD), Australia Dollar (AUD), Euro (EUR) and British Pound Sterling (GBP).

The Group's gross exposure to foreign currencies is as follow:

	USD \$'000	SGD \$'000	AUD \$'000	EUR \$'000	GBP \$'000
<b>Group</b>					
<b>30 June 2022</b>					
<b>Financial assets</b>					
Trade and other receivables	–	12	–	–	–
Cash and cash equivalents	2,836	1,889	1,110	199	–
<b>Financial liabilities</b>					
Trade and other payables	(927)	(2,203)	(271)	(1,625)	(51)
Net currency exposure	1,909	(302)	839	(1,426)	(51)
<b>30 June 2021</b>					
<b>Financial assets</b>					
Trade and other receivables	4	9	1	–	–
Cash and cash equivalents	3,354	2,228	6,771	129	–
<b>Financial liabilities</b>					
Trade and other payables	(642)	(2,170)	(110)	(573)	–
Net currency exposure	2,716	67	6,662	(444)	–

The Company's exposure to foreign currency risk is not significant.

### Sensitivity analysis

A 1% strengthening of USD, SGD, AUD, EUR and GBP against the functional currencies of its subsidiaries at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2022 Profit or loss \$'000	2021 Profit or loss \$'000
<b>Group</b>		
USD	19	27
SGD	(3)	1
AUD	8	67
EUR	(14)	(4)
GBP	(1)	–

A 1% weakening of USD, SGD, AUD, EUR and GBP against the functional currencies of the Company and its subsidiaries at the reporting date would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### *Fair values of financial assets and financial liabilities*

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Group</b>					
<b>30 June 2022</b>					
Trade and other receivables	10	8,131	–	8,131	8,131
Cash and cash equivalents	12	36,337	–	36,337	36,337
		<b>44,468</b>	<b>–</b>	<b>44,468</b>	<b>44,468</b>
Trade and other payables*	13	–	12,026	12,026	12,026
Interest-bearing loans and borrowings	15	–	3,526	3,526	3,526
Deferred consideration	16	–	1,137	1,137	1,137
		<b>–</b>	<b>16,689</b>	<b>16,689</b>	<b>16,689</b>

\* Excludes advance from customers and employee benefits.

	Note	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
<b>30 June 2021</b>					
Trade and other receivables	10	586	–	586	586
Cash and cash equivalents	12	45,213	–	45,213	45,213
		<b>45,799</b>	<b>–</b>	<b>45,799</b>	<b>45,799</b>
Trade and other payables*	13	–	9,099	9,099	9,099
Interest-bearing loans and borrowings	15	–	3,017	3,017	3,017
Deferred consideration	16	–	1,616	1,616	1,616
		<b>–</b>	<b>13,732</b>	<b>13,732</b>	<b>13,732</b>

\* Excludes advance from customers and employee benefits.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### *Fair values of financial assets and financial liabilities* (Continued)

	Note	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Company</b>					
<b>30 June 2022</b>					
Trade and other receivables	10	3,931	–	3,931	3,931
Cash and cash equivalents	12	4,056	–	4,056	4,056
		<b>7,987</b>	<b>–</b>	<b>7,987</b>	<b>7,987</b>
Trade and other payables	13	–	419	419	419
<b>30 June 2021</b>					
Trade and other receivables	10	7,417	–	7,417	7,417
Cash and cash equivalents	12	780	–	780	780
		<b>8,197</b>	<b>–</b>	<b>8,197</b>	<b>8,197</b>
Trade and other payables	13	–	367	367	367

### Interest-bearing loans and borrowings

No fair value is calculated for the floating rate loans as the Group believes that the carrying amounts, which are repriced within the year, reflect their corresponding fair values.

### Deferred consideration

The carrying value based on the 4% interest rate per annum from the secured promissory note which approximates the market rate.

### Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity and where the effect of discounting is immaterial.

Accordingly, no fair value hierarchy information is disclosed for such financial assets and liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 28 OPERATING SEGMENTS

The Group engages predominantly in the manufacturing and sale of luxury yachts. The Group assessed its operating segment and determined that it has two (2020: two) operating and reporting segments.

Manufacturing & trading	:	Manufacturing and sales of yachts to end customers
Others	:	Ancillary sales such as brokerage income, service income and trade-in boats.

The operating segments contains various functions that are inter-dependent to support the Group's operating activities and performance. Based on the combined activities of these key functions, the Group's Chief Executive Officer ("CEO"), who is the chief operating decision maker ("CODM"), assesses performance against an approved Group's budget and makes resource allocation decisions that will maximise the utilisation of production capacity and operating efficiency of the operating segments, to achieve the Group's budget.

Reconciliation includes unallocated head office revenue, expenses, assets, liabilities and consolidation adjustments which are not directly attributable to a particular segment.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 28 OPERATING SEGMENTS (CONTINUED)

	Reconciliation										
	Manufacturing and trading segment			Others		Corporate		Adjustments		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Revenue and expenses</b>											
External revenue	64,949	76,233	10,228	19,828	-	-	-	-	75,177	96,061	
Inter-segment revenue	6,780	2,613	1,900	573	1,474	1,985	(10,154)	(5,171)	-	-	
Total revenue	71,729	78,846	12,128	20,401	1,474	1,985	(10,154)	(5,171)	75,177	96,061	
Segment results*	12,506	12,355	5,121	2,742	661	1,265	(10,154)	(5,171)	8,134	11,191	
Depreciation and amortisation	(4,996)	(5,348)	-	-	-	-	-	-	(4,996)	(5,348)	
Interest income	41	19	-	-	-	-	-	-	41	19	
Interest expense	(231)	(219)	-	-	-	-	-	-	(231)	(219)	
Operating profit/(loss) before tax	7,320	6,807	5,121	2,742	661	1,265	(10,154)	(5,171)	2,948	5,643	
Income tax credit/(expense)	1,066	(1,520)	-	103	-	-	-	-	1,066	(1,417)	
Segment profit/(loss)	8,386	5,287	5,121	2,845	661	1,265	(10,154)	(5,171)	4,014	4,226	

\* Segment results: Earnings before Interest, Taxation, Depreciation and Amortisation.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 28 OPERATING SEGMENTS (CONTINUED)

	Manufacturing and trading segment		Others		Corporate		Adjustments		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other material non-cash items:										
(Allowance)/Write-back made for inventory obsolescence, net	(482)	28	-	-	-	-	-	-	(482)	28
Property, plant and equipment written off	-	(2)	-	-	-	-	-	-	-	(2)
Provision for warranty claims	(2,175)	(2,625)	-	-	-	-	-	-	(2,175)	(2,625)
<b>Assets and liabilities</b>										
Segment assets	104,962	103,769	-	-	46,020	46,230	(41,947)	(45,433)	109,035	104,566
Tax assets	3,959	2,862	-	-	-	-	-	-	3,959	2,862
Segment liabilities	48,789	45,831	-	-	419	367	-	-	49,208	46,198
Tax liabilities	301	358	-	-	-	-	-	-	301	358
Capital expenditures	7,186	5,375	-	-	-	-	-	-	7,186	5,375

Reconciliation



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

## 28 OPERATING SEGMENTS (CONTINUED)

### *Geographical segments*

Geographical segment information is analysed by the principal geographical locations where the Group sells its yachts.

The Group manufactures yachts and holds its corporate treasury, administrative and marketing functions at locations different from the principal geographical locations in which it sells its yachts as described above in Note 20. The non-current assets, primarily the manufacturing facilities of \$35,327,000 (2021: \$33,283,000) are substantially located in Malaysia (2021: Malaysia).

## 29 SUBSEQUENT EVENTS

On 29 August 2022, the Group proposed a first and final dividend of 0.50 Singapore cent per ordinary share (one-tier tax exempt) in respect of financial year ended 30 June 2022. The proposed final dividend amounting to \$923,000 has not been recognised as at year end and is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.



# STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2022

Issued Share Capital : 184,634,649 ordinary shares  
 Voting Rights : 1 vote per ordinary share

## Director's Shareholdings

As at 21 July 2022

Name of Directors	No. of Shares
Mark Jonathon Richards	11,025,400
Heine Askaer-Jensen	701,500
Basil Chan	301,500
Gerard Lim Ewe Keng	212,000
Gary James Weisman	275,000

## Substantial Shareholders

As at 16 September 2022, shown in Register of Substantial Shareholders

Name of Substantial Shareholders	Shareholdings registered in the name of the Substantial Shareholders	Shareholdings in which the Substantial Shareholders are deemed to have an interest	Total	Percentage of Issued Shares %
Tan Sri Lim Kok Thay	52,609,994	–	52,609,994	28.49
Willimbury Pty Ltd <sup>(1)</sup>	26,094,800	–	26,094,800	14.13
Arminella Pty Ltd (as trustee for SJHA Investment Trust) <sup>(2)</sup>	17,805,778	–	17,805,778	9.64
Mark Jonathon Richards	11,025,400	–	11,025,400	5.97

### Notes:

(1) 26,094,800 shares are held by Citibank Nominees Singapore Pte Ltd.

(2) 17,805,778 shares are held by Raffles Nominees (Pte) Limited.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	96	6.14	1,050	0.00
100 – 1,000	261	16.71	143,886	0.08
1,001 – 10,000	799	51.15	3,536,742	1.91
10,001 – 1,000,000	397	25.42	26,455,665	14.33
1,000,001 and above	9	0.58	154,497,306	83.68
<b>TOTAL</b>	<b>1,562</b>	<b>100.00</b>	<b>184,634,649</b>	<b>100.00</b>

As at 16 September 2022, approximately 41.0% of the Company's shares were held in the hands of the public. Therefore, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



# STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2022

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Tan Sri Lim Kok Thay	52,609,994	28.49
2	Citibank Nominees Singapore Pte Ltd	39,798,848	21.56
3	Raffles Nominees (Pte) Limited	20,208,628	10.95
4	DBS Nominees (Private) Limited	11,540,648	6.25
5	Mark Jonathon Richards	11,025,400	5.97
6	Phillip Securities Pte Ltd	10,789,826	5.84
7	Goh Guan Siong (Wu YuanXiang)	4,003,100	2.17
8	UOB Kay Hian Private Limited	2,450,050	1.33
9	United Overseas Bank Nominees (Private) Limited	2,070,812	1.12
10	Est of Mrs Lim Nancy Nee Tan Nancy, Dec'd	1,000,000	0.54
11	Lim Geck Chin Mavis	1,000,000	0.54
12	OCBC Nominees Singapore Private Limited	887,215	0.48
13	Heine Askaer-Jensen	701,500	0.38
14	Chua Cheow Chuan	498,100	0.27
15	HSBC (Singapore) Nominees Pte Ltd	473,050	0.26
16	Chin Kiam Hsung	438,000	0.24
17	Lim and Tan Securities Pte Ltd	430,000	0.23
18	Seah Jim Hong Gerard	423,500	0.23
19	Lim Seng Chiang	412,000	0.22
20	Ifast Financial Pte. Ltd.	405,700	0.22
<b>TOTAL</b>		<b>161,166,371</b>	<b>87.29</b>



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company (the “AGM”) will be convened and held by way of electronic means on **Thursday, 27 October 2022 at 10.00 a.m.** to transact the following business:

## ORDINARY BUSINESS

- 1) To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Auditors’ Report thereon. **(Resolution 1)**
- 2) To declare a first and final one-tier tax exempt dividend of 0.5 Singapore cent per ordinary share for the financial year ended 30 June 2022. (2021: 0.5 Singapore cent per ordinary share). **(Resolution 2)**
- 3) To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 3)**
- 4) To approve the payment of Directors’ fees of S\$252,500 for the financial year ending 30 June 2023, to be paid quarterly in arrears. (2022: S\$252,500). **(Resolution 4)**
- 5) To re-appoint Mr. Mark Jonathon Richards, who is retiring pursuant to Article 86 of the Constitution of the Company and Rule 720(5) of the Listing Manual of the SGX-ST, and who, being eligible, offers himself for re-election as an Executive Director.  
[see Explanatory Note (i)(a)] **(Resolution 5)**
- 6) To re-appoint Mr. Gary James Weisman, who is retiring pursuant to Article 86 of the Constitution of the Company and Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and who, being eligible, offers himself for re-appoint as an Independent and Non-Executive Director.  
[see Explanatory Note (i)(b)] **(Resolution 6)**
- 7) To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

### 8) **Authority to issue shares**

That pursuant to Section 161 of the Companies Act 1967 (the “Companies Act”) and Rule 806 of the Listing Manual of the SGX-ST and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and



# NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force), issue shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force,

provided that:

1. the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of the Instruments made or granted pursuant to this resolution) does not exceed fifty per centum (50%) of the total number of issued shares, excluding treasury shares and subsidiary holdings (if any), in the capital of the Company (as calculated in accordance with sub-paragraph 2 below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of the Instruments made or granted pursuant to this resolution) does not exceed twenty per centum (20%) of the total number of issued shares, excluding treasury shares and subsidiary holdings (if any), in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);
2. (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the percentage of the total number of issued shares, excluding treasury shares and subsidiary holdings (if any), shall be based on the total number of issued shares, excluding treasury shares and subsidiary holdings (if any), in the capital of the Company at the time that this resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities;
  - (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
3. in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
4. unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

*[see Explanatory Note (ii)]*

**(Resolution 7)**

9) **Authority to issue shares under Grand Banks Performance Share Plan 2014 and Grand Banks Employee Share Option Scheme 2014**

That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors and/or the Remuneration Committee to grant awards in accordance with the Grand Banks Performance Share Plan 2014 (the "**PSP**"), and/or offer and grant options in accordance with the provisions of the Grand Banks Employee Share Option Scheme 2014 (the "**ESOS**") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the PSP and/or to the exercise of options under the ESOS, provided always that the aggregate number of additional shares to be allotted and issued in respect of all awards granted under the PSP and all options granted under the ESOS shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time,



# NOTICE OF ANNUAL GENERAL MEETING

and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[see Explanatory Note (iii)]

**(Resolution 8)**

## BY ORDER OF THE BOARD

Ler Ching Chua  
Company Secretary

Singapore  
11 October 2022

### Explanatory Notes:

- (i) The Ordinary Resolutions 5 and 6 above, relates to the re-appointment of the following Directors retiring by rotation pursuant to Article 86 of the Company's Constitution and Rule 720(5) of the Listing Manual of the SGX-ST:
- (a) Mr. Mark Jonathon Richards will, upon re-appointment as an Executive Director, remain as Chief Executive Officer for the Company.
- (b) Mr. Gary James Weisman will, upon re-appointment as an Independent and Non-Executive Director of the Company, remain as Chairman of Strategic Committee and a member of the Risk Management and Audit Committee, and will be considered independent.

There are no relationships including immediate family relationships between Mr. Gary James Weisman and the other Directors, the Company or its substantial shareholders; and Mr. Gary James Weisman does not hold any current directorship in other public listed companies, nor does he have any other principal commitments.

Additional information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, in the format as set out in the Appendix 7.4.1 of the Listing Manual of the SGX-ST, on Messrs Mark Jonathon Richards and Gary James Weisman who are subject to retirement and re-appointment at the Annual General Meeting can be found under "Board of Directors", "Corporate Governance" and "Additional Information on Directors Seeking Re-Appointment at Annual General Meeting on 27 October 2022" sections of the FY2022 Annual Report of the Company.

- (ii) Resolution 7, if passed, authorises the Directors from the date of the Annual General Meeting up to the date of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or by which this authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding 50% of the issued shares, excluding treasury shares and subsidiary holdings (if any), in the capital of the Company on a *pro-rata* basis to shareholders (of which up to 20% of the issued shares, excluding treasury shares and subsidiary holdings (if any), in the capital of the Company, may be issued on a non *pro-rata* basis to shareholders). For determining the aggregate number of shares that may be issued, the percentage of issued shares, excluding treasury shares and subsidiary holdings (if any), will be calculated based on the total number of issued shares, excluding treasury shares and subsidiary holdings (if any), in the capital of the Company at the time that this resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.
- (iii) Resolution 8, if passed, authorises the Directors and/or Remuneration Committee from the date of this Annual General Meeting up to the date of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or by which this authority is varied or revoked by the Company in a general meeting, whichever is earlier, to grant awards under the PSP and to grant options under the ESOS and to allot and issue fully paid-up shares in the capital of the Company, provided that the aggregate number of shares which may be allotted and issued in respect of all awards granted under the PSP and all options granted under the ESOS shall not exceed 1.5% of the total number of issued shares, excluding treasury shares and subsidiary holdings (if any), in the capital of the Company from time to time.



# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. The Annual General Meeting (“**AGM**”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to shareholders. Instead, this Notice will be sent to shareholders by electronic means via publication on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and can be accessed at the Company’s website at the URL <https://www.grandbanks.listedcompany.com>.
2. **Alternative arrangements relating to:**
  - (i) attendance at the AGM via electronic means, including arrangements by which the meeting can be electronically accessed via “live” audio-visual webcast and “live” audio-only stream;
  - (ii) submission of questions to the Chairman of the AGM in advance of, or “live” at the AGM, and addressing of substantial and relevant questions in advance of, or “live” at the AGM; and
  - (iii) voting at the AGM (i) “live” by the shareholder or his/her/its duly appointed proxy(ies) or corporate representative(s) (where applicable) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the Shareholder’s behalf at the AGM;

are set out in the accompanying announcement by the Company dated 11 October 2022. This announcement may be accessed at URL <https://www.sgx.com/securities/company-announcements> and will also be made available at the Company’s website at the URL <https://www.grandbanks.listedcompany.com>.

3. A Shareholder (including CPF and SRS Investor) who wishes to participate in the Live Webcast must pre-register himself/herself or where applicable, his/her/its appointed proxy(ies) or corporate representative(s) for the AGM (in addition to the completion and submission of proxy form or requisite document (where applicable) by **10:00 a.m. on 25 October 2022** (the “**Pre-Registration Deadline**”), at the URL <https://smartagm.sg/gbyagm2022>. Following authentication of his/her/its status as a Shareholder, authenticated shareholder (including CPF and SRS investors) or where applicable, their appointed proxy(ies) or corporate representative(s) (“**Authenticated Shareholder**”) will receive email instructions on how to access the webcast and audio of the proceedings of the AGM on 27 October 2022 by **12:00 p.m. on 26 October 2022**.

Authenticated Shareholders who do not receive an email by 12:00 p.m. on 26 October 2022, but who have registered by the Pre-Registration Deadline, should contact the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at +65 6536 5355 (Mondays to Fridays, excluding public holidays, from 8:30 a.m. to 5:30 p.m.) or at the email address: [GBYAGM2022@boardroomlimited.com](mailto:GBYAGM2022@boardroomlimited.com).

4. A Shareholder (including CPF and SRS Investor) who pre-registers by the Pre-Registration Deadline to participate in the Live Webcast may also submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM. To do so, all questions must be submitted by **10:00 a.m. on 18 October 2022**;
  - (a) via the pre-registration website at the URL <https://smartagm.sg/gbyagm2022>;
  - (b) by post and lodging the same at the Registered Office of the Company at 21 Bukit Batok Crescent, #06-74 Wcega Tower, Singapore 658065; or
  - (c) by email at [GBYAGM2022@boardroomlimited.com](mailto:GBYAGM2022@boardroomlimited.com).

Shareholders submitting questions by post or email must provide their full name, address and the manner in which shareholders hold Share, before submitting it by post to the address provided above or sending it by email to the email address provided above.

Shareholders (including CPF and SRS investors) or where applicable, their appointed proxy(ies) or corporate representative(s), can also ask the Chairman of the AGM substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, “live” at the AGM, by typing in and submitting their questions through the “live” chat function via the audio-visual webcast platform. Shareholders (including SRS investors) or where applicable, their appointed proxy(ies) or corporate representative(s), who wish to ask questions “live” at the AGM must pre-register at the Pre-Registration website which is accessible at the URL <https://smartagm.sg/gbyagm2022>, so that an email containing unique user credentials and instructions on how to (inter alia) ask questions through “live” chat at the AGM via the audio-visual webcast platform can be sent to them following verification. Shareholders will not be able to ask questions “live” at the AGM via the audio-only stream of the AGM proceedings.



# NOTICE OF ANNUAL GENERAL MEETING

5. Notwithstanding the improvement in the COVID-19 Situation in Singapore, we still need to be alert to such risk and as a precautionary measure, Shareholders will not be able to attend the AGM in person. A Shareholder who wishes to exercise his/her/its voting rights at the AGM may:
- (where the Shareholder is an individual) vote "live" via electronic means at the AGM, or (whether the Shareholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf; or
  - (where the Shareholder is a corporate) appoint corporate representative(s) to vote "live" via electronic means at the AGM on its behalf; or
  - (whether the Shareholder is an individual or a corporate) appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.

The accompanying proxy form for the AGM may be accessed at the Company's website at URL <http://grandbanks.listedcompany.com>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy. In the absence of specific directions in respect of a resolution, the Chairman of the AGM as proxy will vote or abstain from voting at his/her discretion.

Persons who hold their Shares through a relevant intermediary (as defined under Section 181 of the Companies Act 1967 of Singapore), other than CPF and SRS investors (the "Investors"), will not be able to pre-register at the pre-registration website for the Live Webcast. These Investors who wish to participate in the Live Webcast by (a) observing and/or listening to the AGM proceedings through "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions in advance of, or "live" at the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should approach their respective relevant intermediaries through which they hold such Shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

CPF and SRS Investors:

- may vote "live" via electronic means at the AGM if they are appointed as proxies by the CPF Agent Banks and SRS Operators; or
- may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM; and
- should approach their CPF Agent Banks and SRS operators if they have any queries regarding their appointment as proxies or to submit their votes by **5:00 p.m. on 14 October 2022**, being 7 clear working days before the date of the AGM.

A Shareholder who is not a relevant intermediary (as defined under Section 181 of the Companies Act 1967 of Singapore), is entitled to appoint not more than two proxies in his/her stead. A proxy need not be a Shareholder. Where a Shareholder (whether individual or corporate) appoints two proxies and does not specify the number of Shares to be represented by each proxy, then the Shares held by the Shareholder are deemed to be equally divided between the proxies.

A Relevant Intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such instrument appointing a proxy(ies) appoints more than two proxies, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument.

6. A proxy or the Chairman of the AGM as proxy, need not be a Shareholder of the Company.
7. The Proxy Form appointing a proxy(ies) or corporate representative(s) must be submitted in the following manner by **10.00 a.m. on 25 October 2022**, before the time appointed for holding the AGM:
- if submitted by post, be deposited at the Registered Office of the Company at 21 Bukit Batok Crescent, #06-74 Wcega Tower, Singapore 658065; or
  - if submitted electronically, be submitted via email to the Company at [GBYAGM2022@boardroomlimited.com](mailto:GBYAGM2022@boardroomlimited.com) by enclosing a signed PDF copy of the Proxy Form.

A Shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.



# NOTICE OF ANNUAL GENERAL MEETING

The Proxy Form must be executed under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company), if the Proxy Form is submitted by post, must be lodged with the Proxy Form (or if submitted electronically via email, be emailed with the Proxy Form), failing which the Proxy Form may be treated as invalid.

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form (including any related attachment). In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.

8. A corporation, being a Shareholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of Shareholders and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be true copy (the "Requisite Document"), be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. Authenticated Shareholders and their appointed proxies will be required to login using the email address provided during the pre-registration.
10. Live voting will be conducted during the AGM. Please note that:-
  - (a) It is important for Authenticated Shareholders to ensure that their own web-browser enabled devices are ready for voting during the AGM.
  - (b) Authenticated Shareholders may cast their votes in real time for each resolution to be tabled via the Live Webcast through the login credentials that they have received.
11. As an alternative, Shareholder (including CPF and SRS investors) may also appoint the Chairman of the AGM as his/her/its proxy to vote on their behalf. Shareholders have to submit the Proxy Form appointing the Chairman of the AGM to vote on their behalf. Please refer to item 7 above for the manner for submission.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



# NOTICE OF RECORD DATE AND PAYMENT DATE FOR FINAL DIVIDEND

## NOTICE OF RECORD DATE AND PAYMENT DATE FOR FINAL DIVIDEND

**NOTICE IS HEREBY GIVEN** that, subject to the approval by the shareholders of the proposed first and final one-tier tax exempt dividend of 0.50 Singapore cent per ordinary share in respect of the financial year ended 30 June 2022 ("**Proposed Final Dividend**") at the Company's Annual General Meeting to be held by way of electronic means on 27 October 2022 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed on 10 November 2022 at 5.00 p.m. ("**Record Date**") for the purpose of determining shareholders' entitlements and preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to the Record Date will be registered to determine shareholders' entitlements to the Proposed Final Dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at the Record Date will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by the shareholders at the AGM, will be paid on Friday, 18 November 2022.

BY ORDER OF THE BOARD

Ler Ching Chua  
Company Secretary  
11 October 2022



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 27 OCTOBER 2022

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the information as set out in the Appendix 7.4.1 of the Listing Manual of the SGX-ST on **Messrs Mark Jonathon Richards and Gary James Weisman**, who are seeking re-appointment as Directors at the Company's forthcoming Annual General Meeting on **27 October 2022**, are set out below:

<b>Name Of Directors</b>	<b>Mark Jonathon Richards</b> <i>Chief Executive Officer and Executive Director</i>	<b>Gary James Weisman</b> <i>Non-Executive and Independent Director</i>
<b>Date of Appointment</b>	01 August 2014	28 October 2015
<b>Date of last re-appointment</b>	24 October 2019	28 October 2020
<b>Age</b>	57	72
<b>Country of principal residence</b>	Australia	USA
<b>The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)</b>	The NC had recommended to the Board the re-appointment of Mr. Mark Jonathon Richards as a Director and took into account his attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr. Richards' re-appointment as a Director of the Company.	The NC had recommended to the Board the re-appointment of Mr. Gary James Weisman as a Director and took into account his attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr. Gary Weisman's re-appointment as a Director of the Company.
<b>Whether re-appointment is executive, and if so, the area of responsibility</b>	Yes	N.A.
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Executive Director and Chief Executive Officer	Independent and Non-Executive Director; Chairman of the Strategic Committee and a member of the Risk Management and Audit Committee.
<b>Professional qualifications</b>	Please refer to the "Board of Directors" section on page 08 of the Annual Report.	Please refer to the "Board of Directors" section on page 09 of the Annual Report.
<b>Working experience and occupation(s) during the <u>past 10 years</u></b>	<b>2008 to Present</b> Lot 50 NewBridge Road Pty Ltd – Director Palm Beach Motor Yacht Co Pty Ltd – Managing Director GB Marine Group Pty Ltd – Director Grand Banks Yachts Australia Pty Ltd – Director	<b>1998 to 2013</b> North Sails – President <b>2010 to Present</b> Sailing Yacht Research Foundation – Director
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	11,025,400 ordinary shares 1,350,000 share options	275,000 ordinary shares



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 27 OCTOBER 2022

<b>Name Of Directors</b>	<b>Mark Jonathon Richards</b> <i>Chief Executive Officer and Executive Director</i>	<b>Gary James Weisman</b> <i>Non-Executive and Independent Director</i>
<b>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the issuer or of any of its principal subsidiaries</b>	Nil	Nil
<b>Conflict of interest (including any competing business)</b>	Nil	Nil
<b>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</b>	Yes	Yes
<b>Other Principal Commitments<sup>1</sup> including Directorships<sup>2</sup></b>	<p><b>Past Directorships</b> (for the last 5 years):</p> <p>Nil</p> <p><b>Present/Existing Directorship</b></p> <p>Lot 50 Newbridge Road Pty Ltd – Director</p> <p>Palm Beach Motor Yacht Co Pty Ltd – Managing Director</p> <p>GB Marine Group Pty Ltd – Director</p> <p>Grand Banks Yachts Australia Pty Ltd – Director</p> <p><b>Other Principal Commitments:</b></p> <p>Nil</p>	<p><b>Past Directorships</b> (for the last 5 years):</p> <p>Nil</p> <p><b>Other Principal Commitments:</b></p> <p>Nil</p>
<b>Disclosures as set out in paragraphs (a) to (k) of the Appendix 7.4.1</b>	Mr. Mark Jonathon Richards has provided a negative confirmation to each of the items (a) to (k).	Mr. Gary James Weisman has provided a negative confirmation to each of the items (a) to (k).

<sup>1</sup> "Principal Commitments" has the same meaning as defined in the 2012 Code of Corporate Governance (i.e. includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments).

<sup>2</sup> Not applicable for announcements of appointment pursuant to Rule 704(9) of the Listing Manual of the SGX-ST (i.e. appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the Company to a managerial position in the Company or any of its principal subsidiaries).

# GRAND BANKS YACHTS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 197601189E)

## IMPORTANT:

- The Annual General Meeting ("AGM") of Grand Banks Yachts Limited (the "Company") is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this Proxy Form will not be mailed to shareholders, instead copies of these documents will be available to shareholders by way of electronic means via publication on the Company's website at the URL <http://grandbanks.listedcompany.com> and on the SGXNet at the URL <http://www.sgx.com/securities/company-announcements>.
- Notwithstanding the improvement in the COVID-19 situation in Singapore, we still need to be alert to such risk and as a precautionary measure, shareholders will not be able to attend the AGM in person. Shareholders (whether individual or corporate) who wish to exercise his/her/its voting rights at the AGM may:
  - (whether the shareholder is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM; or
  - (whether the shareholder is an individual) vote "live" via electronic means at the AGM, or (whether the shareholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf.
- Alternative arrangements relating to the:
  - attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast and "live" audio-only stream);
  - submission of questions to the Chairman of the AGM in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions in advance of, or "live" at, the AGM; and
  - voting at the AGM ("live" by the Unitholder or his/her/its duly appointed proxy(ies) or corporate representative(s) [where applicable] (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote at the AGM, as set out in the accompanying announcement released on the SGXNet on 11 October 2022.
- For CPF/SRS investors who have used their CPF/SRS monies to buy Grand Banks Yachts Limited's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors (i) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM; or (ii) may vote "live" via electronic means at the AGM if they are appointed as proxies by their Agent Bank/SRS Operators and should approach their respective Agent Bank/SRS Operators if they have any queries regarding their appointment as proxies or to submit their votes by 5.00 p.m. on 14 October 2022, being 7 clear working days before the date of AGM.
- Prior to the AGM, shareholders are encouraged to email their questions together with their full names, addresses and manner in which they hold shares in the Company via the Company's pre-registration website at the URL <https://smartagm.sg/gbyagm2022> when they pre-register for the AGM.
- Please read the notes overleaf which contain instructions on, *inter alia*, completion of this Proxy Form and the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM.

## PROXY FORM

### ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We\*, \_\_\_\_\_

(Name and NRIC/Passport/Company Registration Number(s))

of \_\_\_\_\_

(Address)

being a member/members\* of Grand Banks Yachts Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them\*, the Chairman of the Annual General Meeting as my/our\* proxy/proxies\* to attend and vote for me/us\* on my/our\* behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on **Thursday, 27 October 2022 at 10.00 a.m.** (the "AGM") and at any adjournment thereof. I/We\* direct my/our\* proxy/proxies\* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies\* will vote or abstain from voting at his/her/their\* discretion.

Ordinary Resolutions relating to:	Number of Votes		
	For <sup>(1)</sup>	Against <sup>(1)</sup>	Abstain <sup>(1)</sup>
<b>Resolution 1</b> Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2022.			
<b>Resolution 2</b> Payment of proposed first and final one-tier tax exempt dividend of 0.5 Singapore cent per ordinary share for the financial year ended 30 June 2022.			
<b>Resolution 3</b> Re-appointment of KPMG LLP as Auditors of the Company and authorising the Directors to fix their remuneration.			
<b>Resolution 4</b> Approval of payment of Directors' fees of S\$252,500 for the financial year ending 30 June 2023, to be paid quarterly in arrears.			
<b>Resolution 5</b> Re-appointment of Mr. Mark Jonathon Richards as an Executive Director.			
<b>Resolution 6</b> Re-appointment of Mr. Gary James Weisman as an Independent Director.			
<b>Resolution 7</b> Authority to issue shares.			
<b>Resolution 8</b> Authority to grant awards and/or options and to allot and issue shares under the Grand Banks Performance Share Plan 2014 and the Grand Banks Employee Share Option Scheme 2014, respectively.			

<sup>(1)</sup> Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or "Abstain" the relevant resolution, please indicate your vote with a tick (✓) within the relevant boxes provided. Alternatively, if you wish to exercise your votes "For" and "Against" or "Abstain" the relevant resolution, please indicate the number of votes as appropriate in the boxes provided above. If you appoint the Chairman of the AGM as proxy and in the absence of specific directions in respect of a resolution, the Chairman of the AGM as proxy will vote or abstain from voting at his/her discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Total Number of Shares held in:	Number of Shares
(1) CDP Register	
(2) Register of Members	

Signature(s) of Member(s) or,  
Common Seal of Corporate Shareholder(s)

\* Delete where inapplicable

## IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

### Notes:

1. A printed copy of this Proxy Form **will not** be mailed to shareholders. This Proxy Form may be accessed at the Company's website at the URL <http://grandbanks.listedcompany.com> and will be made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
2. **Notwithstanding the improvement in the COVID-19 situation in Singapore, we still need to be alert to such risk and as a precautionary measure, Shareholders will not be able to attend the AGM in person. Shareholders seeking to attend the AGM physical in person will be declined.** A shareholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM may:
  - (a) (where the Shareholder is an individual or a corporate) appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM; or
  - (b) (where the Unitholder is an individual) vote "live" via electronic means at the AGM, or (whether the Unitholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf.
3. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
4. Shareholders who hold shares of the Company through a relevant intermediary (as defined in Section 181 of the Companies Act), including CPF or SRS investors (a) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on Friday, 14 October 2022**, being 7 working days before the date of the AGM.

Pursuant to Section 181 of the Companies Act 1967, a "relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
  6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is signed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
  7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.
  8. The Proxy Form, duly executed, together with the power of attorney (if any) under which it is signed or a certified copy thereof, must be submitted to the Company in the following manner by **10.00 a.m. on 25 October 2022**, being **not less** than forty-eight (48) hours before the time appointed for holding the AGM:
    - (i) **If submitted by post**, be deposited at the Registered Office of the Company at 21 Bukit Batok Crescent, #06-74 Wcega Tower, Singapore 658065; or
    - (ii) **If submitted electronically**, be submitted via email to the Company at [GBYAGM2022@boardroomlimited.com](mailto:GBYAGM2022@boardroomlimited.com) by enclosing a signed PDF copy of the Proxy Form.

A Shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Shareholders are strongly encouraged to submit their completed Proxy Forms electronically.**

9. All shareholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

### PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 October 2022.

### General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his names in the Depository Register as at **72 hours** before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



# SUSTAINABILITY REPORT 2022



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# SUSTAINABILITY REPORT 2022

## ABOUT THIS REPORT

This is the sixth annual Sustainability Report ("Report") for Grand Banks Yachts Limited ("Grand Banks", "the Company"). This report provides a yearly progress update of our ongoing sustainability commitments and actions, with a focus on addressing Grand Banks' material environmental, social and governance ("ESG") topics. Combined with our Annual Report, this information provides our stakeholders with a holistic view of our overall company performance.

Headquartered in Singapore, Grand Banks manufactures yachts under the Grand Banks, Eastbay and Palm Beach brands out of its manufacturing yard at Pasir Gudang, Johor, Malaysia and provides customer support out of its service yards at Stuart, Florida, USA and Newport, New South Wales, Australia.

Grand Banks has prepared this report in accordance with the latest GRI Standards ("GRI Standards 2021"). We use the GRI Standards for sustainability reporting due to the framework's international recognition and widespread use by companies around the world, and the broad range of ESG topics it covers. Using the GRI Standards enables us to provide an accurate reflection of Grand Banks' most material environmental and social impacts. This report is also prepared in accordance with SGX-ST Listing Rules (711A and 711B)-Sustainability Reporting. Following the SGX sustainability reporting primary components, we aligned our sustainability reporting with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations to provide useful information to our stakeholders on climate-related risks and opportunities relevant to Grand Banks.

As with previous years, we have integrated the UN Sustainable Development Goals ("SDGs") into our reporting process to map our contribution to sustainable development. This report replaces the Grand Banks Sustainability Report 2021 issued on 12 October 2021 as its latest annual sustainability publication. There was no significant change to our Company's size, structure, ownership or supply chain during the reporting period.

## Reporting Scope and Principles

The report covers Grand Banks' FY2022 ESG performance from 1 July 2021 to 30 June 2022 ("FY2022"). For comparison, we have included the historical data for FY2020 and FY2021 unless stated otherwise. Our consolidated financial statements have been audited, and there is no difference between the list of entities included in our financial reporting and the list included in the sustainability reporting.

The report covers the material ESG topics across our operations, identified through a materiality assessment process using the GRI Standards 2021. We have applied the GRI principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability to ensure high-quality reporting. Disclosures include policies, practices, performance, and targets for each of the identified material ESG factors. The business and operational strategies of Grand Banks, its operating environment, various risk factors, opportunities and overall outlook and prospects are also covered in this report.

All data presented in this report has been sourced from primary official records to ensure accuracy and verifiability. On occasions where data is incomplete or unavailable, we have provided full disclosure with supporting explanations and rationales where required. We have used internationally accepted measurement units for all data to facilitate comparability. Financial figures are in Singapore dollars unless specified otherwise.

Environmental and social performance data is derived from our head office in Singapore, the manufacturing facility in Malaysia and the operations in the United States of America ("USA" or "US") and Australia. Similar to the 2021 Sustainability Report, we are including data from our US entity "Stuart Yacht Corporation" in the final data totals, rather than disclosing them separately, since we have enough consecutive years of data to allow for direct comparisons.

All references to Grand Banks yachts in this report refer to the Grand Banks, Eastbay and Palm Beach brands.



# SUSTAINABILITY REPORT 2022

## **Exclusions**

Unless specified otherwise, the ESG performance of the Group's vendors and suppliers in our broad value chain is excluded from this report as we do not have any control over or access to their ESG data. However, our key suppliers conduct their own sustainability self-assessments, and these results are included in this report.

## **Restatements**

There are no restatements in this report.

## **Assurance**

Internal verification mechanisms by Grand Banks have been leveraged to ensure data quality and accuracy. We have not obtained external assurance for the sustainability information in this report.

## **Availability**

This report forms part of Grand Banks' Annual Report and is available for download as a PDF document on our website <http://grandbanks.listedcompany.com>.

## **Feedback**

Questions or feedback on the content of this report can be sent to: [csr@gbmarinegroup.com](mailto:csr@gbmarinegroup.com).



# SUSTAINABILITY REPORT 2022

## PERFORMANCE HIGHLIGHTS

ESG PERFORMANCE (FY ended on 30 June) <sup>1</sup>			
ESG FACTORS	FY2020	FY2021	FY2022
<b>ENVIRONMENTAL</b>			
CO <sub>2</sub> emissions (t)	1,990	1,743	1,732
Carbon emission intensity per labour hour (kgCO <sub>2</sub> )	1.3	1.6	1.6
Energy intensity per labour hour (MJ) <sup>2</sup>	11.1	11.6	11.8
Electricity used (kWh)	3,066,701	2,814,495	2,730,591
Water consumption (ML)	29.131	32.497	42.224
Non-hazardous waste (t)	1,973	1,966	1,731
Hazardous waste (t)	23	37	67
<b>SOCIAL</b>			
<b>Employees</b>			
Number of full-time employees	737	710	762
Direct employees (Production Workers) <sup>3</sup>	84.8%	81.0%	81.0%
New hires	128	92	128
Female employees (Office functions)	28.9%	23.3%	23.7%
Average training hours per employee (Female)	2.9	5.7	11.4
Average training hours per employee (Male)	2.6	4.6	7.0
Employee turnover rate	28.4%	11.0%	11.6%
Fatal accidents	0	0	0
<b>Suppliers</b>			
Share of local suppliers as % of total purchase value	57.7%	65.4%	69.0%
<b>FINANCIAL (\$m)</b>			
Revenue	103.2	96.1	75.2
Net profit	1.1	4.2	4.0
Employee wages and benefits	28.8	26.6	26.4
Dividend paid/declared to shareholders	None	0.9	0.9

### Notes:

1) FY2020: 1 July 2019 to 30 June 2020, FY2021: 1 July 2020 to 30 June 2021, FY2022: 1 July 2021 to 30 June 2022.

2) Energy data refers to electricity, diesel, and petrol consumption.

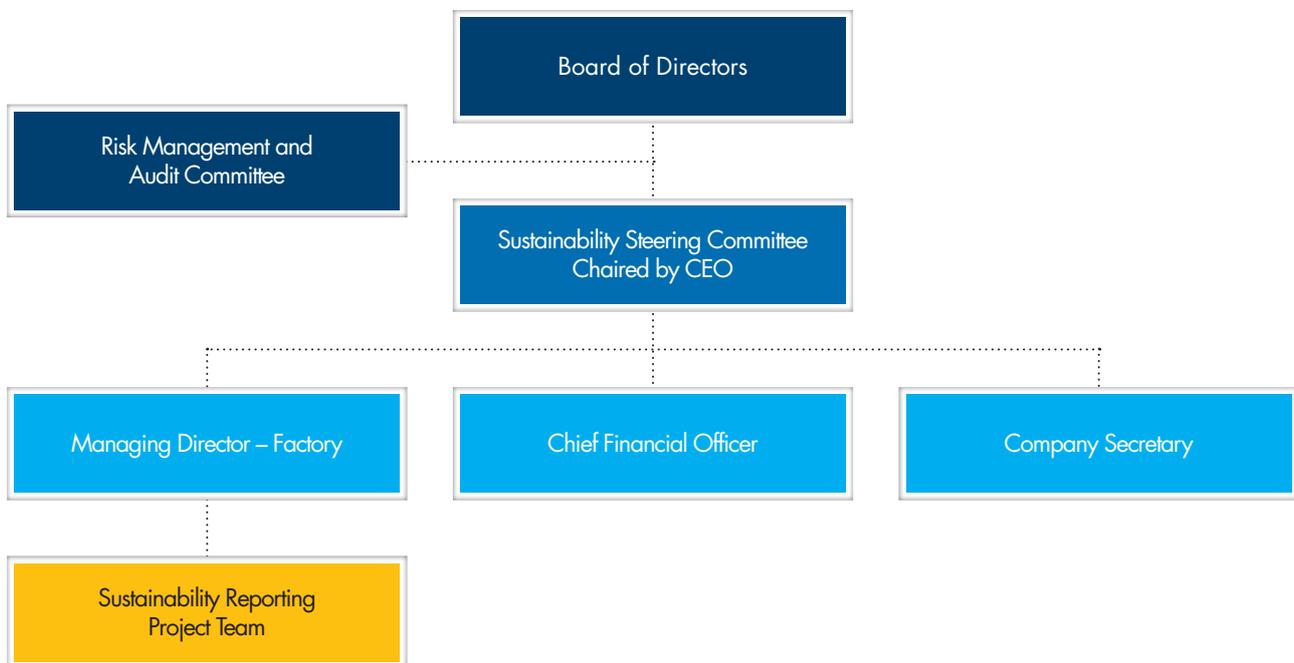
3) Figures cover operations in Malaysia and USA.



# SUSTAINABILITY REPORT 2022

## SUSTAINABILITY GOVERNANCE

At Grand Banks, we understand the importance of a strong sustainability focus within business and the need for measuring and monitoring our impacts on social and environmental issues. The governance of sustainability topics is integrated into our corporate governance structure, with the Board of Directors having oversight over the management and implementation of sustainability strategies. The Board plays an active role in driving sustainability and works closely with senior management to develop strategies, policies, goals and targets to support the sustainable growth of the business. The Board provides overall direction for the company's sustainability strategy and preparation of the sustainability report.



The Board's Risk Management and Audit Committee has formal responsibility for managing Environmental, Social and Governance ("ESG") issues and sustainability reporting. The full Board receives regular updates on Grand Banks' ongoing ESG activities and performance. Four of our directors have completed a training on ESG as at the date this report is published.

Grand Banks' Sustainability Steering Committee ("SSC"), chaired by the Chief Executive Officer, supports the Board and the Risk Management and Audit Committee. The SSC serves as the central coordinating body for implementing sustainability policy, strategy and reporting. With oversight from the Board, the SSC reviews, assesses and determines the sustainability context, material factors, scope, boundary, completeness and prioritisation of the issues for reporting.

A Sustainability Reporting Project Team ("RPT") collects and verifies ESG data for reporting. The RPT includes representatives from the key departments and functions.

Sustainability activities are managed at the functional and operational levels across the organisation. Read more about our governance structure in the Corporate Governance chapter in this Annual Report.



# SUSTAINABILITY REPORT 2022

## BOARD STATEMENT

The Grand Banks Board upholds the highest standards of professional conduct, accountability and transparency. The Board is committed to creating sustainable value for all stakeholders through good governance of economic, environmental and social aspects of the business.

The Board, supported by the SSC, considers sustainability issues in its strategy, determines the material ESG factors and oversees the management of these factors.

This sustainability report details how Grand Banks manages its material ESG impacts to create positive value for our stakeholders while contributing to sustainable development. The Board has reviewed and endorsed this sustainability report.

## SUSTAINABILITY STRATEGY

Our sustainability strategy focuses on mitigating risk, managing our environmental and social impacts, and creating value across material ESG factors. Our strategic initiatives cover the following areas:

- Governance: Leading by principles
- Environment: Protecting the planet
- People: Empowering for performance
- Marketplace: Operating responsibly
- Community: Contributing positively
- Economic performance: Creating value for shareholders and stakeholders



# SUSTAINABILITY REPORT 2022

## KEY HIGHLIGHTS FROM FY2022

### GOVERNANCE

#### Business Times Governance and Transparency Index

A remarkable leap from  
#309 in 2021 to #208 in  
2022.

### ENVIRONMENT

Carbon emissions intensity  
(kgCO<sub>2</sub>/Labour Hour)  
reduced by 30 % from  
FY2015 level.

### PEOPLE

#### Health, Safety and Wellbeing

COVID-19 vaccination for all  
eligible employees in Malaysia

Zero incidents of serious  
workplace injuries

Continued record of zero fatalities  
across factories

### MARKETPLACE

#### V-Warp® Hull Design

High performing and energy efficient  
proprietary V-Warp® Hull Design now  
adopted across Grand Banks,  
Palm Beach and Eastbay brands

### ENVIRONMENT

Recycling waste polystyrene  
using the EPS Compactor.  
Generating revenue from the sale  
of the recycled material

### ECONOMIC PERFORMANCE

7<sup>th</sup> consecutive year of profitability

Declared final dividend

## STAKEHOLDERS

**Understanding the views and concerns of our stakeholders helps us to make informed decisions across our business activities and helps inform our strategic priorities. With these purposes in mind, we engage regularly with our stakeholders as we pursue our corporate goals.**

Our stakeholders comprise individuals or groups that are affected by Grand Banks' activities or those who have the potential to impact or influence Grand Banks' operational or financial performance. Our key stakeholders include customers, employees, suppliers and contractors, governments and regulators, shareholders and investors, industry peers, NGOs and the media.



# SUSTAINABILITY REPORT 2022

The following table summarises our approach to stakeholder engagement, including the platforms and channels we use for dialogue.

Stakeholder Groups	Stakeholder expectations	Our engagement channels	Our response
<b>Customers</b> 	Quality, value, reliability, safety, efficient delivery, friendly and effective service.	Boat shows, private boat tours, direct marketing and customer yard visits.  Digital marketing with improved digital content and advertising as well as introducing 360-degree virtual tours of our boats.	Incorporating stringent quality and safety features in our boats, efficient production planning, using high quality materials and components, and complying with international quality and safety regulations.
<b>Employees</b> 	Safe working conditions and a culture that promotes employee wellbeing, respect and recognition, fair employment policies, competitive wages, work-life balance, personal development and career growth opportunities.	Regular team meetings (virtual or in person), newsletters, internal memos, and Employee Code of Conduct.  Lunch meetings and other in-person get-together (COVID-19 restrictions permitting).  Annual appraisal exercise.	Continuing to implement safe management measures for the health, safety and wellbeing of employees during the ongoing COVID-19 pandemic, facilitating working from home, while also helping staff adjust to being back in the office (when COVID-19 restrictions were eased), adopting fair employment policies and practices, investing in people development, performance recognition and rewards, and open communication with employees.
<b>Shareholders and Investors</b> 	Return on investment, long-term sustainable business growth, regular dividend, financial prudence, effective risk management and good corporate governance.	Annual General Meetings, special visits, briefings and press releases.	Carefully strategising long-term growth, continuously innovating to lead the market, optimising our resources, managing risks prudently, and ensuring integrity, transparency and management accountability.
<b>Suppliers, Consultants and Contractors</b> 	Regular orders, clearly defined specifications, a fair selection process and ethical conduct, and timely payment.	Trade shows and vendor meetings.	Mandating ethical procurement policies, for example a Supplier Code of Conduct, and processes to ensure fairness in selecting vendors and awarding orders and honouring the terms of purchase agreements.



# SUSTAINABILITY REPORT 2022

Stakeholder Groups	Stakeholder expectations	Our engagement channels	Our response
<b>Government and Regulators</b> 	Compliance with applicable laws and regulations, timely filing of required information and cooperation with law enforcement agencies and officers.	Factory inspections, seminars and filing of mandatory reports, participating in government agencies' surveys.	Adhering to policies and practices that ensure compliance with regulations.
<b>Community and NGOs</b> 	Responsible employment and business operations, support for local community causes.	Community events such as sports events.	Following fair employment policies, minimising the environmental impacts of operations and supporting local community events.
<b>Industry Peers</b> 	Product and process innovation.	Advertising, website updates, trade shows and industry events. Membership of organisations such as the American Boat & Yacht Council and Boating Industries Alliance Australia.	Investing in product innovation as well as research and development, and new product launches. Sharing knowledge through member associations.
<b>Analysts</b> 	Regular updates on company performance and plans, and access to senior management for interviews.	Annual Reports, Sustainability Reports, briefings, updates via the corporate website and press releases.	Providing appropriate updates and information in a timely manner and as requested.
<b>Media</b> 	Regular updates on company affairs, access to information for public interest stories and access to management for comments/interviews.	Press releases and interviews, website updates.	Providing regular press releases, and information and interview opportunities with top management when requested.

## Relevant Memberships

We actively participate in several industry organisations focused on issues that are material to the business and to our stakeholders. This participation gives us access to important industry developments, raises our company profile and optimises networking opportunities. Our key memberships include:

- Singapore Business Federation
- Federation of Malaysian Manufacturers
- Malaysian International Chamber of Commerce and Industry
- American Boat & Yacht Council
- National Marine Manufacturers Association
- Boating Industries Alliance Australia
- International Yacht Brokers Association



# SUSTAINABILITY REPORT 2022

## MATERIALITY ASSESSMENT

We follow the GRI Standards for conducting a materiality assessment of our impacts. Topics material to the Grand Banks Group include those representing our significant economic, environmental and social impacts, risks and opportunities, or those which substantively influence the assessments and decisions of stakeholders.

With guidance from external sustainability experts, the SSC reviews our material topics every year, and the Board’s approval is obtained for inclusion in the sustainability report.

In FY2022, we revisited our previously reported material topics to prioritise those factors which are highly material to allocate our resources more efficiently. The review considered stakeholder views, the severity and relevance of impacts as well as reporting practices by peers in the manufacturing sector. Based on the annual review, we have determined that the material topics reported in the FY2021 Sustainability Report remain valid and relevant.

### MATERIALITY PROCESS

IDENTIFY	EVALUATE	VALIDATE	PRIORITISE	CONFIRM
Identify ESG impacts, risks and opportunities and related topics	Assess the significance of impacts, risks or opportunities, and consider stakeholder concerns and expectations	Consider sustainability trends, shortlisted material topics, reviewed by SSC, and the Board	Prioritise ESG issues based on the significance of the impact and stakeholder interest	Confirm material topics for reporting with the Board’s approval

Our materiality assessment also considers the boundary of impacts – where the impacts occur and our involvement with these impacts. Indirect involvement indicates the impacts outside of Grand Banks’ operating environment, such as in the supply chain where we may have limited or no control.



# SUSTAINABILITY REPORT 2022

Our material topics for FY2022 are outlined in the following table.

Material Topics (GRI Standards)	Where the Impact Occurs	Management Approach
<b>ENVIRONMENT</b>		
Energy	Manufacturing operations and product use by customers	Strive to constantly reduce our energy intensity, and to innovate more energy-efficient product designs
Greenhouse Gas ("GHG") emissions	Manufacturing operations and product use by customers	Strive to constantly reduce our carbon emissions intensity, and to innovate products that emit fewer GHG emissions
Waste	Manufacturing operations	Reduce, reuse and recycle waste
<b>SOCIAL</b>		
Employment	GB Group	Build a high-performing organisation
Employee wellbeing (Non-GRI Topic)	GB Group	Implement measures for the health, safety and wellbeing of our employees to mitigate the effects of the COVID-19 pandemic
Employee turnover	GB Group	Implement policies that help maintain above industry-average retention rate
Occupational health and safety	GB Group	Maintain a zero-accident workplace
<b>GOVERNANCE</b>		
Customer health and safety	GB Group and Suppliers	Compliance with applicable product safety standards
Anti-corruption	GB Group	Maintain zero-tolerance for fraud, bribery and corruption
Regulatory compliance	GB Group	Comply with applicable laws
<b>ECONOMIC</b>		
Economic performance	GB Group	Consistently improve financial performance



# SUSTAINABILITY REPORT 2022

Important Topics (Not considered material)	Management Approach
Diversity and equal opportunity	Maintain gender, ethnic and cultural diversity
Human rights	Respect and uphold human rights principles, including in our supply chain
Training and education	Support personal and professional development of our people
Sustainable procurement	Engage with suppliers to explore sourcing of sustainable materials
Local communities	Positively contribute to local communities
Indirect economic performance	Contribute positively to the local economy and society

### Supporting the United Nations Sustainable Development Goals

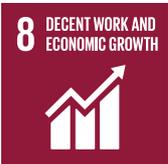
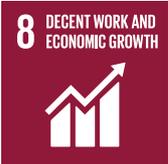
The United Nations (“UN”) Sustainable Development Goals (“SDGs”) provide a shared roadmap for governments, businesses and civil society organisations to address the most pressing social and environmental challenges facing our world today. The 17 SDGs aim to end poverty, protect the planet and ensure peace and prosperity for all people by 2030.

Grand Banks remains committed to helping achieve the Sustainable Development Goals. Out of the 17 SDGs, our sustainability approach contributes to Goal 3 (Good Health and Well-being), Goal 7 (Affordable and Clean Energy), Goal 8 (Decent Work and Economic Growth), Goal 9 (Industry, Innovation and Infrastructure), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action) and Goal 16 (Peace, Justice and Strong Institutions). Our performance contributing to the identified SDGs is illustrated throughout the report.

ESG Factors	SDG Targets Supported	SDGs
<b>Energy</b>	7.3 By 2030, double the global rate of improvement in energy efficiency	<div style="background-color: #f9c94d; padding: 5px; text-align: center;"> <b>7</b> AFFORDABLE AND CLEAN ENERGY   </div> <div style="background-color: #e67e22; padding: 5px; text-align: center;"> <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE   </div>
	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
<b>GHG Emissions</b>	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	<div style="background-color: #27ae60; padding: 5px; text-align: center;"> <b>13</b> CLIMATE ACTION   </div>



# SUSTAINABILITY REPORT 2022

ESG Factors	SDG Targets Supported	SDGs
<p><b>Waste</b></p>	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	
<p><b>Customer Health and Safety</b></p> <p><b>Anti-Corruption</b></p>	<p>16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all</p> <p>16.5 Substantially reduce corruption and bribery in all their forms</p> <p>16.6 Develop effective, accountable and transparent institutions at all levels</p>	
<p><b>Employment</b></p> <p><b>Employee Turnover</b></p> <p><b>Occupational Health and Safety</b></p> <p><b>Employee Wellbeing</b></p>	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment</p> <p>3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases</p>	 
<p><b>Economic Performance</b></p>	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors</p>	



# SUSTAINABILITY REPORT 2022

## ENVIRONMENT

**As a leader in the luxury yacht market, we believe it is our responsibility to explore and implement ways to minimise the environmental impact of our products and operations.**

The environmental case for reducing our environmental impacts is clear, but there is also a strong business case for doing so. Consumers are increasingly seeking more sustainable, environmentally friendly lifestyle choices, and as such, demand for more sustainable yachts is increasing, from direct customers and charter companies. Regulations are another important driver, with new policies being introduced around the world to limit emissions in the maritime industry. These factors combined provide a strong ethical and business case for an increased focus on managing our environmental impacts.

**Material Factors and SDG Goals**

- Energy
- GHG emissions
- Waste
- Regulatory compliance

**7** AFFORDABLE AND CLEAN ENERGY



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**13** CLIMATE ACTION



**16** PEACE, JUSTICE AND STRONG INSTITUTIONS



At Grand Banks, our main environmental priorities are to build stronger, lighter, more energy-efficient yachts, reduce energy consumption – during production and customer use, and to reduce carbon emissions and waste.

To reduce energy consumption and carbon emissions, we focus on more efficient production processes, sourcing from local suppliers where possible, and integrating maximum efficiency into our boat designs.

### TCFD Report

This year, we began to align our sustainability reporting with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations to provide useful information to our stakeholders on climate-related risks and opportunities relevant to Grand Banks. The TCFD Framework, issued by the Financial Stability Board in 2017, is structured around four thematic areas – governance, strategy, risk management, and metrics and targets and corresponding recommendations for disclosures. This report outlines how we have integrated the TCFD framework into our overall sustainability commitment. We are taking a phased approach towards the full adoption of the TCFD recommendations. This year, we have focused on the following:

- Governance structures, including Board oversight and management's role
- Broadly defined climate-related risks and opportunities
- The processes for identifying and managing climate-related risks
- Impacts in qualitative terms
- Scope 1 and Scope 2 GHG emissions



# SUSTAINABILITY REPORT 2022

## *Governance*

### Board Responsibility

The governance of sustainability topics has been an integral part of our corporate governance structure, with the Board of Directors ("Board") having overall responsibility and oversight to ensure the environmental risks, including the climate-related risks and opportunities, are identified and properly managed at Grand Banks. The Board reviews and approves sustainability reporting and the TCFD disclosures.

### Management Responsibility

Grand Banks' Sustainability Steering Committee ("SSC"), chaired by the Chief Executive Officer, supports the Board and the Risk Management and Audit Committee. The SSC serves as the coordinating body for implementing sustainability policy, strategy and reporting. With oversight from the Board, the SSC reviews, assesses and determines a wide range of topics under sustainability, including climate-related measures and initiatives. A Sustainability Reporting Project Team ("RPT") comprising representatives from the key departments and functions collects and verifies ESG data for sustainability reporting and the TCFD disclosures.

### *Strategy*

Climate change poses a direct threat to our oceans – the very environment that our yachts are built for and the environment that we, and our customers, are passionate about. Rising sea temperatures adversely affect marine ecosystems in the form of coral bleaching, fish migration, and drowning wetlands. Oceans are absorbing more and more carbon dioxide as levels in the atmosphere increase, which causes greater acidification, further destroying marine life. Fundamentally, curbing GHG emissions and ensuring our resilience against the impacts of climate change constitute an integral part of the coastal and marine tourism, which are linked to the yacht industry. Therefore, our strategy is to identify and assess the risks and opportunities of climate change whilst exploring various ways to reduce our impacts on the environment. In line with this, we are looking to develop a strategic approach to manage climate-related financial impacts.

Our strategy focuses on improved operational efficiency through digitalisation, automation, equipment upgrading as well as fuel-efficient product development. We plan to conduct climate scenario analysis which will help us establish appropriate targets and set a range of mitigation and adaptation measures. Although we do not have operational control over our vendors and suppliers, we invite our main suppliers to take part in our annual sustainability survey through which they assess their own sustainability performances. We will continue to engage and encourage our suppliers to become more sustainable and climate resilient. At the same time, we strive to design and manufacture more fuel-efficient yachts, which would continue to meet robust environmental regulations across various markets we serve.

### *Risk Management*

The SSC chaired by the Chief Executive Officer, supports the Board and the Risk Management and Audit Committee. The Risk Management and Audit Committee assists the Board in examining the adequacy and effectiveness of internal controls policies and procedures.

### Physical Risk

Physical risks are associated with the physical impacts of climate change arising from extreme weather events due to changes in climate patterns. There are two types of physical risks – acute risk and chronic risk. Acute physical risks refer to event-driven risks such as increased severity of extreme weather events. Chronic physical risks refer to longer-term shifts in climate patterns, such as sea level rise or chronic heat waves. These physical risks can affect our business in several ways, including physical damage to marinas and manufacturing facility due to sea level rise and increased frequency and intensity of extreme weather events, which have a direct impact on our customer's safety.



# SUSTAINABILITY REPORT 2022

## Transitional Risk

Transition risks are associated with the shift to a net zero carbon economy, and they include policy, legal, technology, and market changes in response to climate change. For our industry, transition risks may occur in many forms including additional cost to meet the regulatory requirement, potential increases in insurance premiums and carbon tax.

We are in the process of identifying climate-related opportunities based on our understanding of the customers' and suppliers' concerns and expectations, such as increasing demand for more sustainable yachts. We also understand that there are potential opportunities and key gains for the yacht industry through design and production innovations, for example, innovations within product development such as developing more sustainable forms of propulsion to minimise impact during customer use, use of hybrid electric solutions to power the yachts and use of biofuels. We continue to explore better solutions and practices as part of our future sustainability efforts.

## *Metrics and Targets*

Tracking our progress towards the targets across the material topics is essential to sustainability at Grand Banks. Our climate-related targets include GHG emissions, energy consumption and waste. Please see our energy and emissions targets and performance below.

### ENERGY AND EMISSIONS TARGETS AND PERFORMANCE

Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Energy Consumption	11.5 megajoules per labour hour	11.8 megajoules per labour hour	11.5 megajoules per labour hour
Greenhouse Gas Emissions (CO <sub>2</sub> )	1.5 kgCO <sub>2</sub> per labour hour	1.6 kgCO <sub>2</sub> per labour hour	1.5 kgCO <sub>2</sub> per labour hour
Non-hazardous Waste	1.7 kg/labour hour	1.6 kg/labour hour (Malaysia and USA only)	1.6 kg/labour hour
Regulatory Compliance	Maintain zero incidents of non-compliance	1 incident of non-compliance	Achieve zero incidents of non-compliance

## **Innovations in yacht design and production**

By altering our design and production processes, we can reduce the environmental impacts of our yachts. Here are some specific examples of the measures we are taking at Grand Banks:

### **Material substitution:**

- Replacing fibreglass with carbon fibre where possible to make our yachts lighter and more durable while reducing the amount of materials used. Lighter yachts move faster, consume less fuel and are more energy efficient.
- Substituting synthetic boat building materials in place of teak. Synthetic teak does not require varnishing though needs painting and provides more flexibility during construction and fitting. Synthetic teak also helps to reduce deforestation and lower maintenance.
- Switching to lithium batteries for all our yachts. Although more expensive, these batteries are more environmentally friendly since they are more efficient to charge, easy to dispose of, and have a higher energy density than traditional marine batteries.



# SUSTAINABILITY REPORT 2022

## **Innovative Design and Build:**

- Using sandwiched-cored hulls (vacuum infused technique) as opposed to solid laminate hulls, use less resin (therefore produce less fumes), produce lighter, stronger boats due to the alternation of light, strong materials with layers of fibreglass. Lighter and stronger boats require less fuel.
- High performing and energy-efficient propriety V-Warp Hull Design for better performance and fuel efficiency.

## **Engine Replacements:**

- Replacing conventional Straight Shaft inboard engines with Pod Drive engines, which are quieter, vibrate less and are 10%-30% more fuel-efficient as well as easier to operate and enhance customer experience.
- Installing lower emissions generators and engines on board our yachts to reduce emissions in line with the latest emission standards.

## **Standardisation Initiatives:**

- Creating uniformity in the components we use across various yacht models which simplifies production, increases manufacturing efficiency and reduces costs.

## **Innovative Resin Infusion Process:**

- Developing a unique approach to reduce our use of resin, allowing for a safer process which contributes to the greater wellbeing of employees. We are also able to better control styrene emissions to safeguard the atmosphere and environment.

## **Carbon Emissions**

Carbon emissions at Grand Banks stem from our consumption of electricity and fuel for manufacturing our products. Fuel is also used in our yachts throughout their operating life, although we do not currently include this in our own emissions calculations. We use the globally recognised Greenhouse Gas ("GHG") Protocol guidelines to measure and disclose our carbon emissions, currently reporting Scope 1 and Scope 2 emissions that refer to fuel consumption and purchased electricity, respectively.

Our factories in Malaysia account for most of our energy consumption, followed by our US entity, Stuart Yacht Corporation, in Florida, which offers a private dock and exhibition venue, commissioning, repair and maintenance services for our clients in the region.

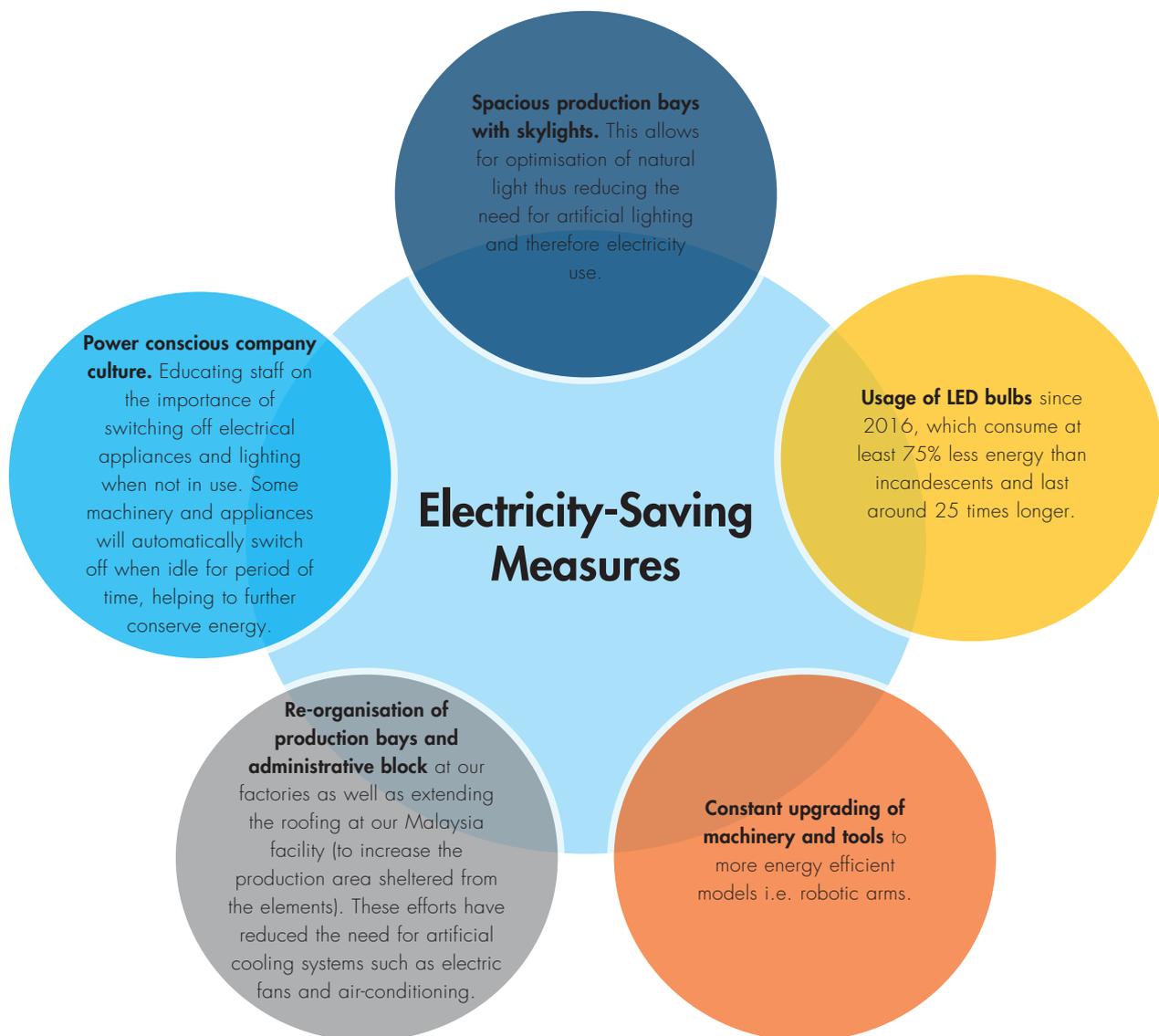
## **Energy**

In FY2022, our total electricity consumption was 2.73 million kWh as compared with 2.81 million kWh in the previous year. Energy intensity was 11.8 megajoules (MJ) per labour hour in FY2022 compared with 11.6 MJ per labour hour in FY2021.



# SUSTAINABILITY REPORT 2022

We remain committed to improving energy efficiency across our manufacturing operations, actively seeking new, innovative technologies to help reduce or optimise our energy consumption. Here are some of the ways in which we actively reduce energy consumption:



The introduction of a robotic arm in the mould making process has translated into significant time and labour savings, which ultimately leads to enhanced manufacturing productivity as well as cost and energy efficiency. The use of robotics also improves accuracy, thereby reducing waste, and helps mitigate the risk of injury for workers.



# SUSTAINABILITY REPORT 2022

## Harnessing Solar Energy

We recognise the increasing importance of utilising solar power and other renewable energy sources as alternatives to energy generated from fossil fuels. Solar power and renewable energy have already been incorporated into our yachts in the form of solar-energised electrical systems which enables batteries to be charged by a pair of 300-watt solar panels on the hardtop's roof. This keeps on-board refrigeration operable without reliance on onshore power or generators. We will continue to explore more possibilities of introducing solar power capability onto our yachts in the future, as well as look into the use of harnessing wind power.

## Fuel

We use fuel to test our yachts as well as for transporting our vessels to customers. Fuel is also used by our customers to power their boats. We strive to continually improve fuel efficiency by building lighter, faster yachts using innovative designs and materials. We are constantly exploring ways to re-engineer our manufacturing processes and our value chain to further reduce environmental impacts from fuel use.

## Waste

To improve waste management, we focus on recycling materials where possible and working with licensed third-party waste management contractors to carry out safe disposal.

In FY2022, our production facilities and servicing operations generated 67 tonnes of hazardous and 1,731 tonnes of non-hazardous waste. Our hazardous waste includes waste resin, paint, waste of non-halogenated organic solvent, used oil, coolant and used solvents. All hazardous waste is either treated before disposal or we employ licensed third-party waste management contractors to carry out safe disposal. The contractors collect, treat and dispose of the waste according to compliance standards set by the local regulations.

Our non-hazardous waste includes packaging material, rags, paper, plastic, glass, rubber and metal. We recycle these according to local regulations and available facilities.

### Acetone Recovery

Our Malaysian facility continues to recycle up to 70% of acetone as a solvent to clean equipment used to fabricate fibreglass reinforced plastic products. By using a process of distillation, which heats the used acetone, collects the vapour and cools it back into liquid form, we can separate the acetone from waste products and reuse it. This process reduces the need to purchase around 5.4 tonnes of new acetone each year, saving nearly \$4,000 while also reducing the amount we dispose of as waste.

### Recycling Polystyrene

In line with our continued commitment to recycling materials, we introduced a recycling machine at our production facilities in 2019. After our Robotic CNC uses the polystyrene and polyfoam sheets to make the mould, we collect the leftover sheets and debris for recycling. Known as EPS Compactor, the machine processes the waste polystyrene materials into small pieces, and then compresses them into tight EPS foam block. These blocks are then converted to polystyrene pellets by third party recycling contractors. The polystyrene pellets are then used in the manufacturing of various polystyrene mouldings and products used in the F&B and construction industries. We have generated revenue from the sale of these blocks to the recycling company.

## Water

The main forms of water consumption at Grand Banks are for drinking and flushing purposes, product testing and industrial washing. Water consumption is, therefore, relatively low. However, we continue to advocate water conservation across our operations through internal campaigns and programmes. A practical example of our water-saving approach is evident in the testing pool at our Malaysian facility, where water is reused rather than refilled for each new test. As a result, we save an average of 100 gallons of water per boat. In our US operation, runoff water from power washing is cleaned with a new filtration system prior to the disposal into the river.



# SUSTAINABILITY REPORT 2022

## Environmental improvements in our operations

### Going digital with our marketing collateral

We are in the process of migrating to a fully digital (i.e., paperless) marketing strategy, to reduce the need to print marketing collaterals to market our boats. This includes all of our yacht drawings and designs.

### More roofing and green spaces for our facilities

Investing in more roofing to increase the covered spaces at our Malaysian facility protects goods and materials from the elements, prolonging the lifespan of these assets while creating a more comfortable environment for our employees. We have also created several green spaces populated by over 100 trees and plants, which help improve biodiversity, provide a cooling effect, and offset a small amount of carbon emissions.

## ENVIRONMENTAL PERFORMANCE

Carbon Emissions Summary			
	tCO <sub>2</sub>		
	FY2020	FY2021	FY2022
<b>Direct (Scope 1) GHG emissions</b>			
Mobile Combustion	223	156	203
Stationary Combustion	0	0	0
<b>Total Scope 1 GHG emissions</b>	<b>223</b>	<b>156</b>	<b>203</b>
<b>Energy indirect (Scope 2) GHG emissions</b>			
Purchased Electricity	1,767	1,587	1,529
<b>Total Carbon Emissions (tCO<sub>2</sub>)</b>	<b>1,990</b>	<b>1,743</b>	<b>1,732</b>

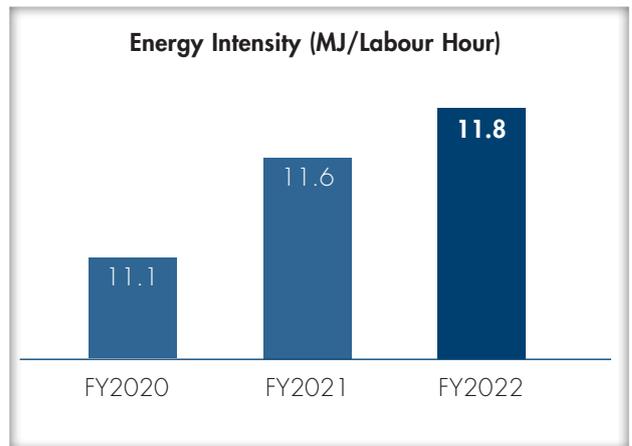
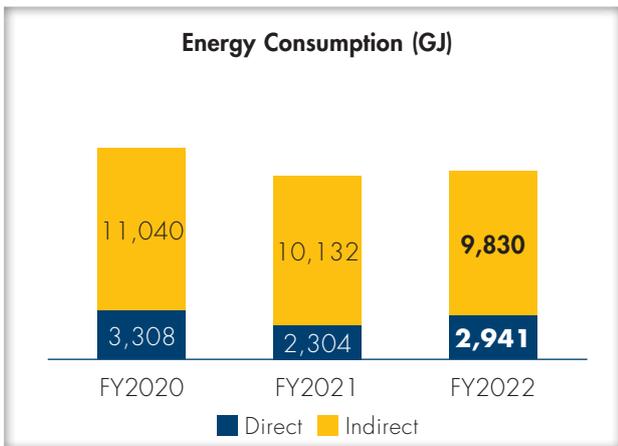
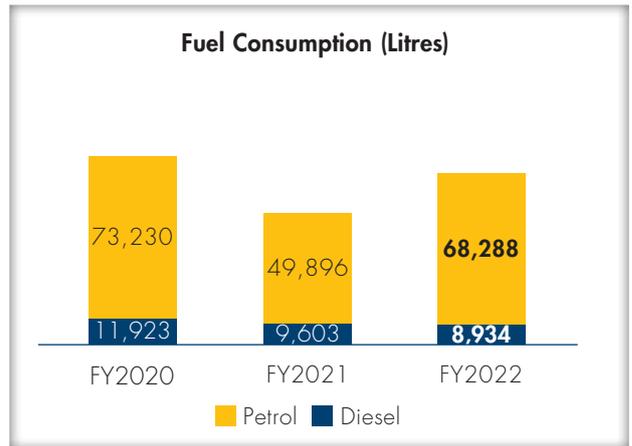
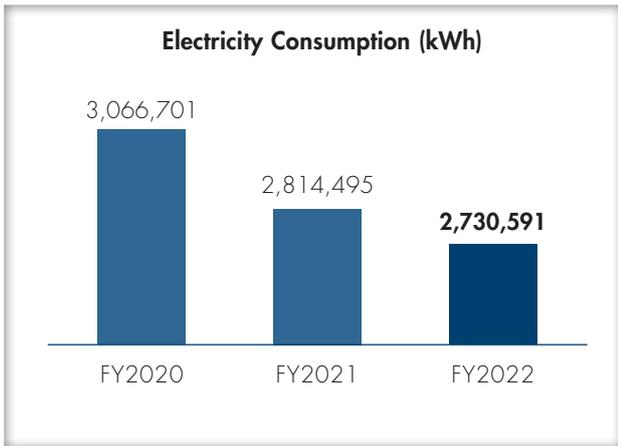
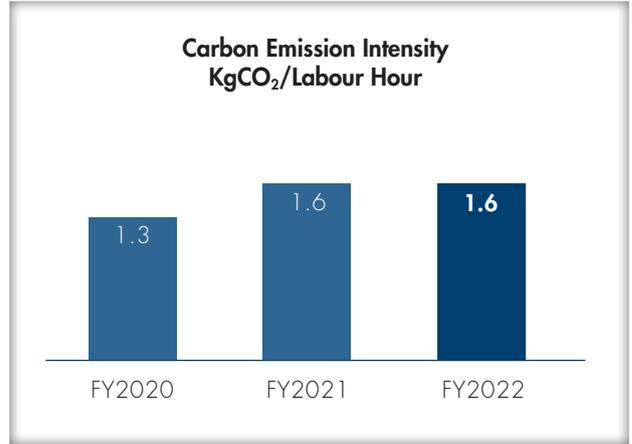
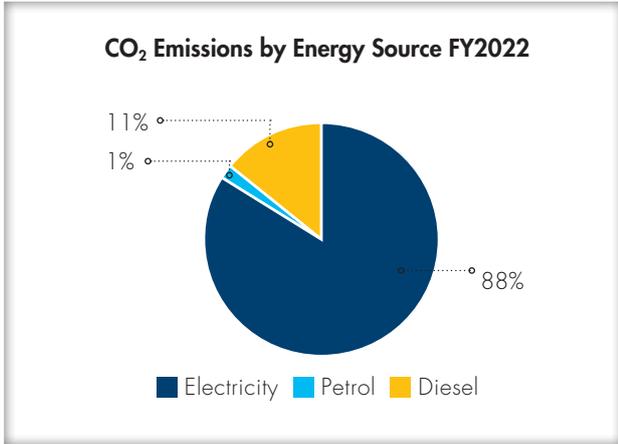
Note: We have included data from our operation in Australia in FY2022. The above emissions data thus covers all energy consumption in our Malaysia facility, the US, Australia and the head office in Singapore.

CO <sub>2</sub> Emissions by Energy Source FY2022				
tCO <sub>2</sub>	Singapore	Malaysia	USA	Australia
Electricity	7	1,404	116	2
Petrol	0	17	3	0
Diesel	0	115	4	64

Our emissions cover scope 1 direct emissions and scope 2 indirect emissions. The major contributor of emission is electricity consumption. Carbon emission is calculated in CO<sub>2</sub> and in accordance with the GHG Protocol. Scope 1 emissions are direct emissions that occur from sources that are controlled or owned by an organisation. Diesel is used for our company vehicles, testing of our products such as boat sea trial, and operation of the travel lift. Petrol is used for the company vehicles. Scope 2 consists of GHG emissions from the purchased electricity consumed by the Group.

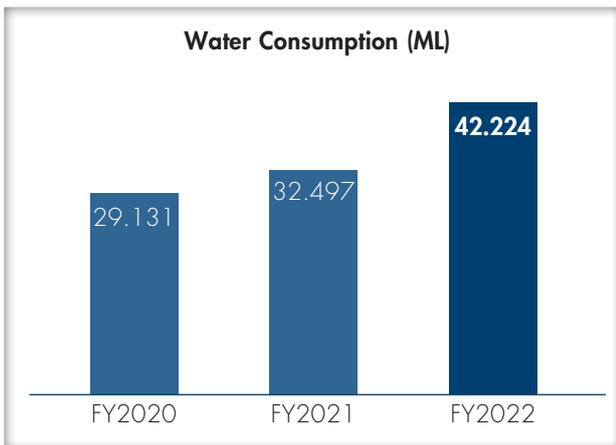
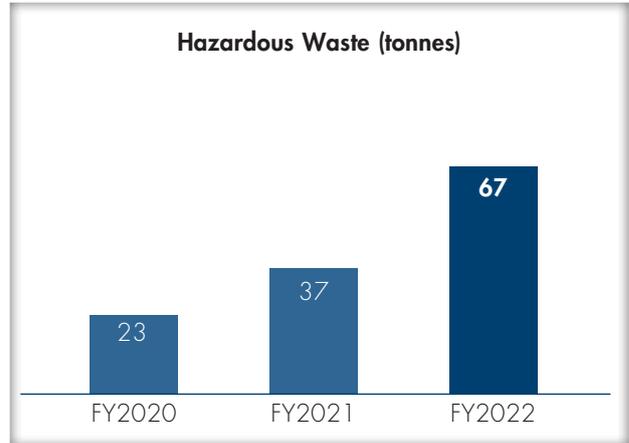
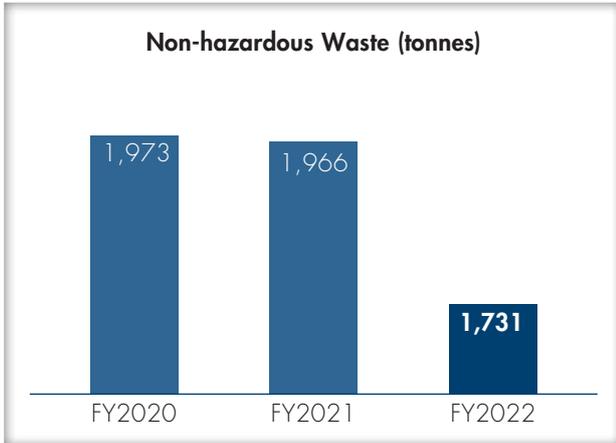


# SUSTAINABILITY REPORT 2022





# SUSTAINABILITY REPORT 2022



Note: Non-hazardous, hazardous waste, and water consumption data cover our Malaysia facility and USA operations.



# SUSTAINABILITY REPORT 2022

## PEOPLE

**At Grand Banks, our ability to design, construct and deliver high-quality yachts to customers depends on the collective contribution of our employees.**

From designers, engineers, and technicians to sales and marketing specialists; from customer care advisors to human resource personnel, we are all united in our efforts, driven by three core values: customer centricity, pride in perfection, and a pioneering spirit.

Our inclusive work culture at Grand Banks is rooted in mutual respect and aims to ensure all employees feel valued with a sense of belonging. Together with diversity and inclusion, our comprehensive human resources ("HR") policies promote talent attraction and retention, employee development, human rights, and a safe and healthy work environment. Our HR policy and procedures are based on merits and provide guidance on recruitment, compensation, and benefits. Benefits for our permanent employees include a wide range of areas such as leave schemes, insurance, medical coverage. We also put in place various initiatives to promote our employees' work-life balance. We regularly review our HR policies and performance at the senior management level. More details can be found in the Employee Engagement and Employee Welfare sections of this chapter.

### Material Factors and SDG Goals

- Employment
- Employee Turnover
- Occupational Health and Safety



In FY2022, Grand Banks had 762 full-time employees across all of its operations and 4 part-time employees. Permanent employees formed 98% of our workforce. Of the total headcount in Malaysia and USA, 81% were direct employees who we refer to as production workers. During the reporting period, there were 3 workers who were not our employees and whose work was controlled by Grand Banks. We had 15 fixed-term contract employees and 1 temporary staff member at the end of FY2022.

Our employees FY2022								
	Singapore		Malaysia		USA		Australia	
	Male	Female	Male	Female	Male	Female	Male	Female
Total No. of full-time employees	4	1	618	91	28	9	9	2
Total No. of part-time employees	1	2	0	0	0	0	1	0
Total No. of permanent employees	5	3	603	91	28	9	9	2
Total No. of temporary employees	0	0	0	0	0	0	1	0
Total No. of fixed-term contract employees	0	0	15	0	0	0	0	0

### Ongoing COVID-19 measures and a gradual return to the office

As COVID-19 restrictions gradually began to ease towards the end of the reporting period, we supported our home-based employees in making the transition back into the office, and we relaxed some of the more stringent COVID-19 measures implemented during the pandemic. During FY2022, we implemented the following measures in our operation in Malaysia.

- COVID-19 vaccination drive for our employees
- Weekly Antigen Rapid Test (RTK-Ag) for all employees
- Free PCR test for employees with COVID-19 symptoms
- Regular update on the COVID-19 Standard Operating Procedures set by Malaysia Ministry of Health



# SUSTAINABILITY REPORT 2022

## Diversity and Inclusion

We are a global, multicultural team spanning multiple locations which include Australia, Malaysia, the United States of America and Singapore, and we serve an international marketplace. We celebrate the diversity of talents and backgrounds among our employees who hail from eight different countries. The cultural diversity at management and Board level helps us better understand and meet the different expectations and preferences of our global customers.

While we strive for a diverse workforce, gender diversity remains a challenge for us, owing to the labour-intensive nature of yacht design and building. Yacht manufacture involves carpentry, varnishing, painting, metalwork, fibreglass work, plumbing, electrical, mechanical and engineering tasks. These remain male-dominated roles.

While we have fewer women in manufacturing functions, the proportion of women in office-based work as well as in management is more equitable. At present, women make up 23.7% of staff employed in office-based jobs. This is an increase of 0.4% on the previous reporting period.

## New Hiring and Turnover

Attracting and retaining talent remains key focus at Grand Banks. During the financial year, the company hired 128 new employees across its operations. New hires included 27 women. Malaysia accounted for 90.6% of the new hires.

In FY2022, the employee turnover rate was 11.6% compared with 11.0% in the preceding financial year. During the year, 84 people left employment, including 14 female employees.

### EMPLOYEE TURNOVER BY COUNTRY FY2022

Country	Male	Female	Overall
Malaysia	10.8	15.4	11.4
Singapore	0	0	0
USA	12.2	13.3	12.5
Australia	54.5	0	42.9

### EMPLOYEE TURNOVER BY AGE GROUP FY2022

Age Group	%
Under 30 years old	7.2%
30-50 years old	3.7%
Over 50 years old	0.7%

### TARGET AND PERFORMANCE

Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Employee turnover	Less than 20%	11.6%	Less than 20%



# SUSTAINABILITY REPORT 2022

## Long Service Awards

Employees at our production facilities stay with us for an average of 10 years, which reflects their overall satisfaction and wellbeing, as well as the continued trust they place in Grand Banks as an employer. The longest employee service length is an impressive 54 years. To recognise, appreciate and reward the ongoing trust and dedication of our employees, we host our annual Long Service Awards, whereby employees receive a bonus as a sign of our appreciation. We are pleased to report the following awards for FY2022:

- **5<sup>th</sup> year:** 64 employees
- **10<sup>th</sup> year:** 4 employees
- **15<sup>th</sup> year:** 2 employees
- **20<sup>th</sup> year:** 23 employees
- **25<sup>th</sup> year:** 8 employees
- **35<sup>th</sup> year:** 1 employee
- **50<sup>th</sup> year:** 1 employee

### Our long-serving employee stories: Mr. Mohidin Pitchai Rowther

Mr. Rowther joined the company in 1986 as a member of the fibreglass department. Over the past three and a half decades, he has enjoyed the company's spirit of progress, optimism, and resilience. Mr. Rowther remembers how the company acted as a trailblazer, who introduced new technologies to the local suppliers. Through all his years working at the Grand Banks, he has appreciated the company's openness to new ideas and cherished camaraderie with many colleagues.

## Training and professional development

We continue to invest in developing our people's technical skills and knowledge while also focussing on our employees' career growth. We provide regular development opportunities, including on-the-job training and mentoring as well as external training. We understand that our future success depends, to a great extent, on ensuring our workforce is equipped with the necessary skills and knowledge to thrive in the evolving environment. Re-engineering more efficient production processes and improving the environmental performance of our yachts through innovation is a key focus area, demanding cutting-edge skills and knowledge. Ongoing learning and development to upgrade skills is therefore critical for ensuring our workforce remains at the forefront of industry developments and needs.

In FY2022, our employees received a total of 5,782 hours of training compared with 3,368 hours of training in the previous financial year. Average training hours per male and female employee in FY2022 were 7.0 and 11.4 hours, respectively, higher than the prior year's figures of 4.6 and 5.7 hours.



# SUSTAINABILITY REPORT 2022

During FY2022, some of our training courses, workshops, seminars and conferences provided to the employees included:

- Authorised gas tester & entry supervisor for confined space
- Basic occupational first aid refresher
- Basic training certificate in performance coaching & counselling
- Chemical health risk assessment
- Communication & team management
- Crane & machinery safety inspection
- Fire extinguisher training
- Forklift safety
- Hot work awareness
- Safety & health committee
- Safety & health culture
- Scaffolding awareness
- Webinar licensed manufacturing warehouse
- Win Win purchasing
- Working at heights

All employees take part in annual performance appraisals to determine personal development needs and upskilling opportunities for our employees and to recognise high performers. All evaluations are conducted fairly, objectively and transparently.

## **Employee Engagement**

Employee engagement continues to be an important element of our overall talent management approach. We believe that an engaged workforce is essential for achieving our business goals and ensuring high levels of employee wellbeing. To this end, we encourage open communication between staff and management, and we make sure our employees feel valued and heard by providing avenues for feedback and suggestions.

Communicating our vision and strategy to our employees is vital for ensuring we all work towards shared goals and achieve a greater sense of alignment. We communicate with our employees in various ways, including quarterly CEO townhalls, briefings, internal memos and the corporate newsletter, and more informal communication via notice boards and team activities.

## **Occupational Health and Safety**

Employee health and safety remains a critical priority for Grand Banks. We are committed to ensuring workplace safety, particularly in our factories which inherently carry more risk than our offices.

Routine maintenance and safety checks are carried out on our machinery, and we have an occupational health and safety system in place to nurture a safety culture across the organisation. All workers including workers who are not employees but whose work and/or workplace is controlled by Grand Banks are required to comply with our Health and Safety management system, which is closely aligned with national regulations and recognised international standards. We continue to emphasise the need for a safe workplace by adhering to safety practices and processes.

## **Safety Committee**

The Grand Banks Health and Safety Committee comprises management and worker representatives and is responsible for addressing health and safety concerns proactively by regularly reviewing safety performance and assessing the measures in place.



# SUSTAINABILITY REPORT 2022

## Safety Measures

Grand Banks staff are provided with a wide range of Personal Protective Equipment (“PPE”) while working within our facilities. This includes, but not limited to, full-face respiratory masks, half-face respiratory masks, safety shoes, safety helmets and safety goggles.

We continue to educate and empower our staff through ongoing health and safety training. Training is primarily centred on the use of PPE and the use of safety devices attached to relevant equipment, and how to respond in the event of emergencies.

Fire and emergency drills are carried out at our business premises periodically. Drills are carried out by our trained fire safety squad and 19 certified first aiders at our production facilities in the presence of the officials from the local fire department. We also have a well-equipped first aid room and we employ a qualified medical assistant, stationed full time at our Malaysia production facility.

## Managing workplace hazards

Due to the nature of our production activities, workplace hazards include toxins stemming from chemicals used in the manufacturing process, such as solvents and paints. These toxins can cause skin irritation or respiratory problems at concentrated levels. We constantly monitor air quality through an atmospheric monitoring system to ensure workers are not exposed to harmful levels.

Other identified hazards in our manufacturing environment include noise and dust from the woodwork, the risk of workers’ limbs being caught in moving parts of a machine, cuts from the sharp edges of sawing machines, electrical shocks, trips or falls, and fire hazards.

To minimise risks, machines are fitted with the appropriate safety guards while all employees are required to adhere to our Lock-Out-Tag-Out procedures.

Our sanding machines have attached dust extraction system to minimise the dust emitted into the air. Similarly, all of our other power tools are outfitted with individual extraction units that trap and extract 90% of dust and other contaminants produced during operation.

## Injuries

We are pleased to report that during FY2022, there were zero fatalities and no serious injuries.

For any injuries that occur, injury reports must be filed by workers or their managers. We then thoroughly investigate each incident to determine the root cause and take preventive measures to reduce the risk of future occurrence. During the reporting period, main types of work-related injury in our manufacturing facility were hand injury and head injury. We identify work-related hazards that pose a risk of high-consequence injury through the Noise Risk Assessment, medical surveillance and medical report.



# SUSTAINABILITY REPORT 2022

Our health and safety performance indicators for employees in the manufacturing facility in Malaysia are provided below:

Malaysia			
	FY2020	FY2021	FY2022
Number of fatalities by work-related injury	0	0	0
Rate of fatalities by work-related injury	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0	0
Number of recordable work-related injuries	0	0	0
Rate of recordable work-related injuries	0	0	0
Number of hours worked	1,168,297	1,036,093	986,425

Notes: Data covers our operation in Malaysia based on 1,000,000 hours worked. High-consequence work-related injury refers to those injury that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months. Recordable work-related injury refers to death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness, or significant injury diagnosed by a licensed healthcare professional.

TARGETS AND PERFORMANCE			
Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Occupational Health & Safety	Maintain zero fatality across the organisation	Zero fatality	Maintain zero fatality across the organisation
	Maintain zero occupational disease across the organisation	Zero high-consequence work-related injuries	Maintain zero high-consequence work-related injuries
	Maintain a Zero Accident Frequency Rate ("AFR") in our factories	Zero recordable work-related injuries in our factories	Maintain zero recordable work-related injuries

Note: Our performance and target have been revised to be aligned with the GRI disclosure requirement and SGX core metrics.

## Employee Welfare

The wellbeing of our staff is paramount to Grand Banks. We continue to provide a wide range of benefits to employees, including healthcare benefits, various types of leave, including parental leave and other benefits, some of which are extended to family members of the employees. Eligible employees are also entitled to attendance allowance, housing allowance and transport allowance.



# SUSTAINABILITY REPORT 2022

To promote team building, good working relationships and a healthy work-life balance, we regularly organise activities for staff outside of work. These activities include sports events, family days, festive gatherings, quarterly appreciation lunches, distribution of rice, cooking and more. Employees receive gifts on these occasions as well as on their birthdays, and new employees are welcomed with an orientation meal. In Malaysia, we also organise quarterly rice distribution events. We are pleased to resume a number of these activities during FY2022 as COVID-19 restrictions eased.

## Human Rights

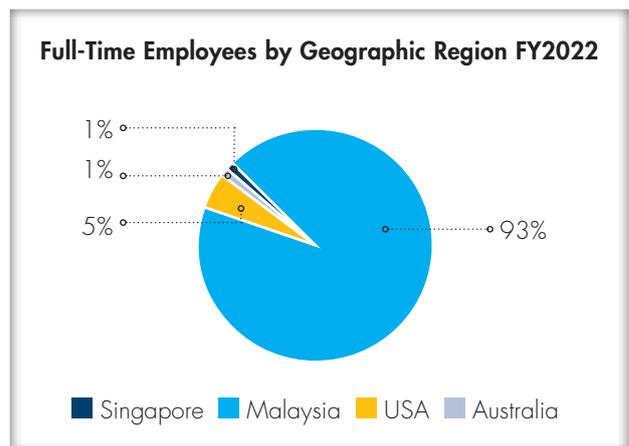
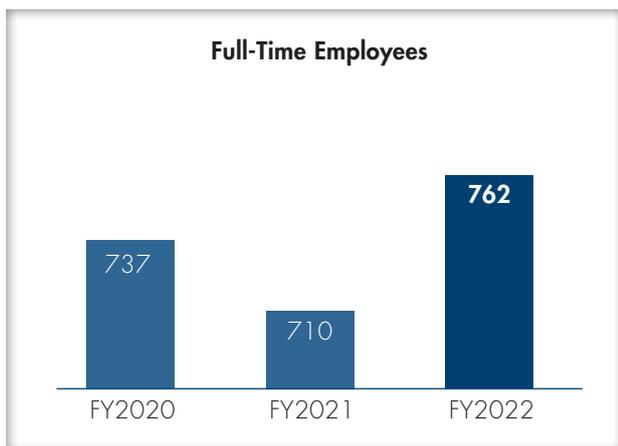
At Grand Banks, we recognise our responsibility to respect, protect and uphold human rights standards across our company, operations and supply chain, as set out in international conventions such as the ILO Declaration on Fundamental Principles and Rights at Work.

Our human rights policies prohibit child labour, forced labour, harassment and discrimination. Our employees have the right to freedom of association and collective bargaining in accordance with local laws. During FY2022, 0% of total employees were covered by collective bargaining agreements.

In our assessment, the risk of violations of our human rights policies covering child labour, forced labour and freedom of association in our own operations are extremely low. To minimise the risks in our supply chain, we engage with our key suppliers through a periodic supplier sustainability assessment (see *Sustainable Procurement*).

There were no incidents of human rights violations within Grand Banks during the reported period.

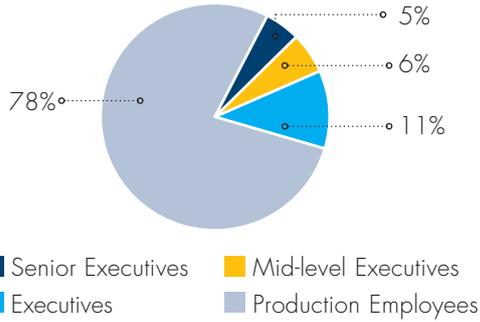
## OUR WORKPLACE PERFORMANCE



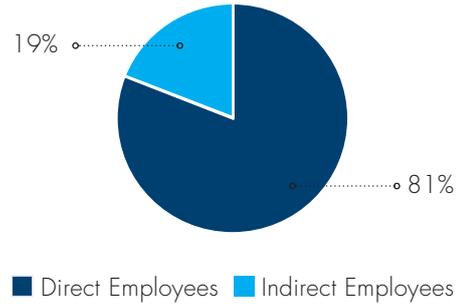


# SUSTAINABILITY REPORT 2022

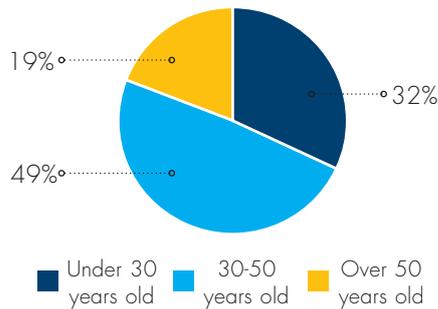
**Employees by Category FY2022**



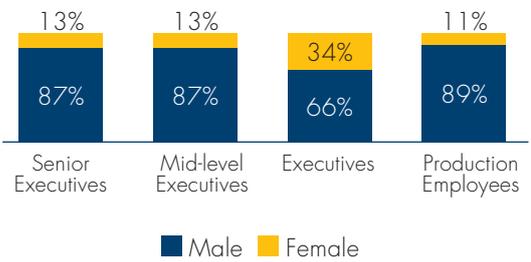
**Direct Employees (Production Workers) in Malaysia and US FY2022**



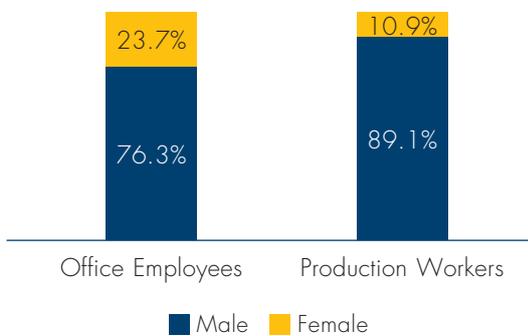
**Diversity by Age FY2022**



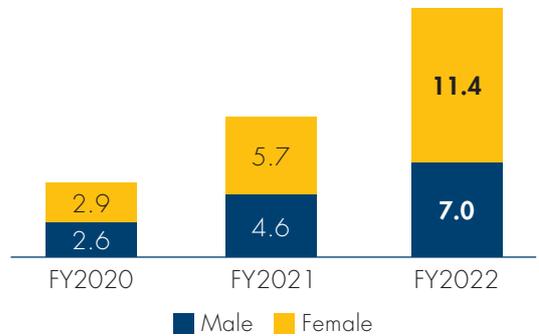
**Gender Diversity by Employment Category FY2022**



**Gender Diversity by Job Function FY2022**

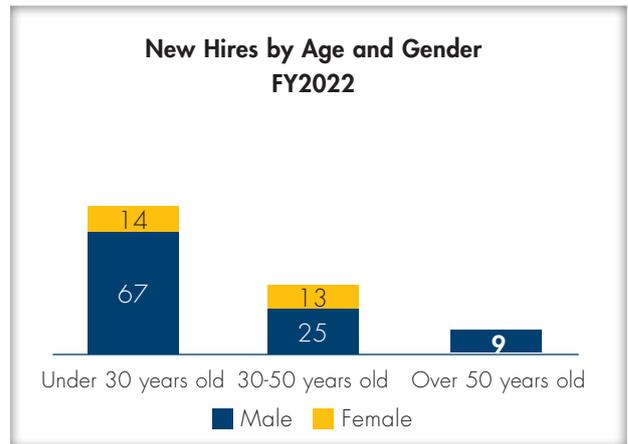
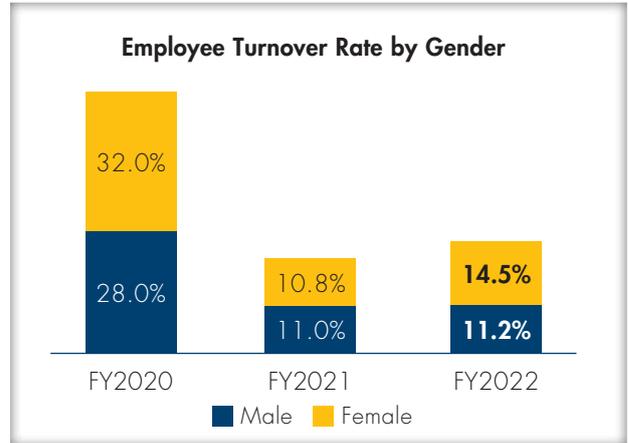
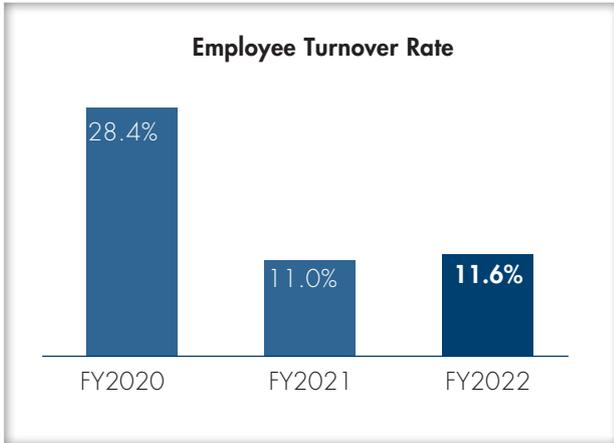


**Average Training Hours per Employee**





# SUSTAINABILITY REPORT 2022





# SUSTAINABILITY REPORT 2022

## COMMUNITY

Grand Banks strives to be a responsible corporate citizen by strengthening the local communities in which we operate.

Our approach to community support includes:

- Community Giving
- Employee Volunteering
- Community Development

In Malaysia, our manufacturing facility is located in an industrial area and most of our employees are Malaysians. We continue to seek ways to build our relationship with the local communities by focussing on how we may best contribute to their socio-economic development.

Over the reported period, we have made various contributions and lent support in cash or kind to various community-based initiatives, such as Society of the Blind In Malaysia, PIBG SMK Tanjung Puteri and Mouth & Foot Painting Artist.

### Material Factors and SDG Goals

- Customer Health and Safety
- Anti-corruption
- Regulatory Compliance



## MARKETPLACE

**Grand Banks, Eastbay and Palm Beach are seen as trusted, reliable and responsible yacht brands among consumers and the communities we operate in, and we strive to uphold this reputation across all of our activities.**

As such, we are committed to the highest level of ethics, integrity and professional standards throughout our operations.

Building trusted and long-lasting relationships with our customers, partners and suppliers remains an essential part of our business model, helping us uphold our customer-centric values and deliver products and services of the highest quality.

We are heartened that our efforts in communicating our commitment on sustainability and ESG performances have been recognised. We clinched Gold award under the Asia's Best Sustainability Report SME category at the Asia Sustainability Reporting Awards in 2020. More recently, our ranking on the Business Times Governance and Transparency Index improved from the 309th in 2021 to the 208th in 2022.

### Our Value Chain

Our value chain forms an integral part of the Grand Banks business, as their efficiency and productivity help us to deliver high-quality products to our customers. By maintaining close working relationships with those in our value chain we can mitigate potential quality and delivery issues, thereby avoiding disruptions to the production process, which could otherwise cause delays in completion and delivery.

Maintaining close relationships with our suppliers also allows us stay abreast of the social and environmental practices occurring within our value chain, helping us to uphold our indirect ESG performance and values.



# SUSTAINABILITY REPORT 2022



## Sustainable Procurement

We procure raw materials for the manufacture of our boats from numerous suppliers. Items supplied include engines, drive systems, appliances, air-conditioning systems, water systems, lighting systems, electrical wires and products, components, resin, glass, FRP/foam, gelcoat, canvas, upholstery, fabric, leather, teak wood, plywood, adhesives, solvents, paints, varnish, rubber and insulation materials.

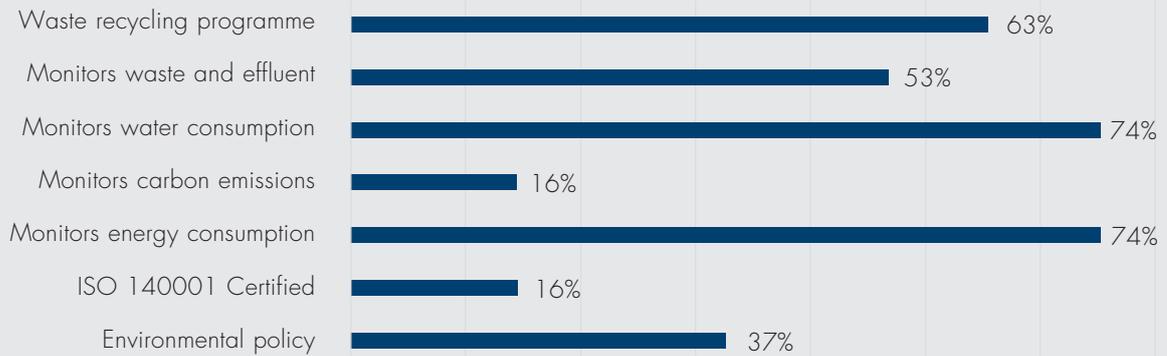
Our procurement policy is based on merit and ethics, where suppliers are selected according to their ability to provide the optimal value proposition to Grand Banks in terms of cost, quality and time parameters, while demonstrating a strong track record for ESG performance. To this end, suppliers must meet Grand Banks criteria from an economic, environmental and social ("EES") perspective in order to tender and compete for contracts. *(Please refer to the Economic Performance chapter for more information about our suppliers).*

We engage our main suppliers through our Supplier Sustainability Self-Assessment Survey. The survey results provide us with a roadmap for an ongoing discussion on sustainability topics. We are currently revising our survey methodology to improve our engagement with the suppliers and gain greater insights from the exercise. The findings from our latest survey in FY2021 are presented in the chart below, with the percentages representing the proportion of suppliers that undertook the related activities or measures.

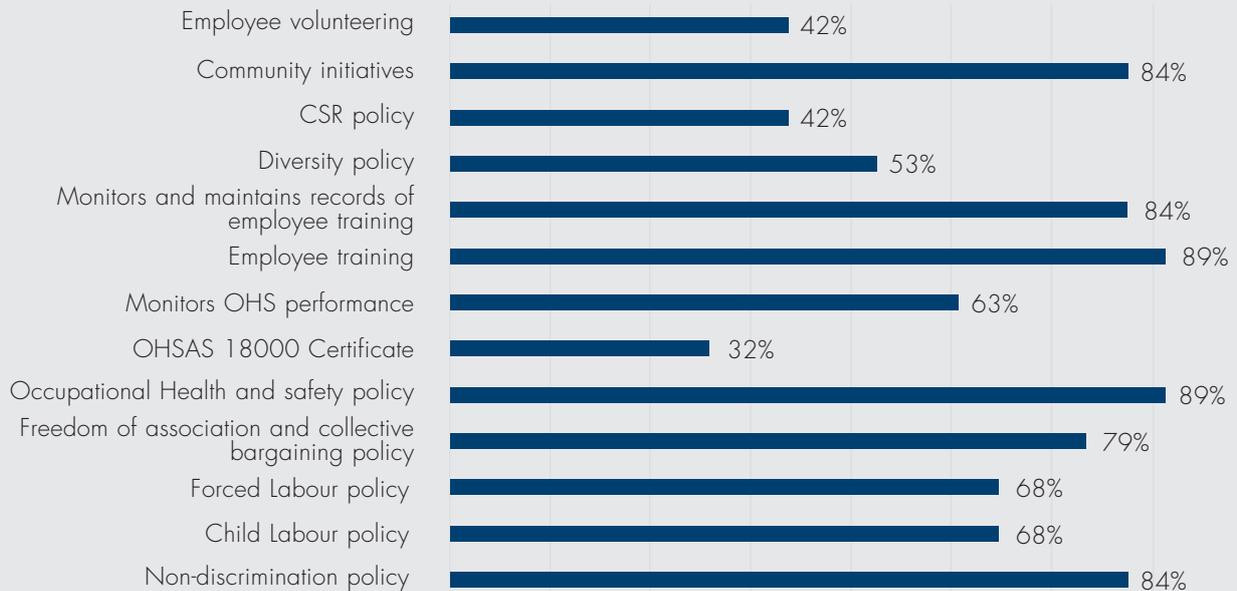


# SUSTAINABILITY REPORT 2022

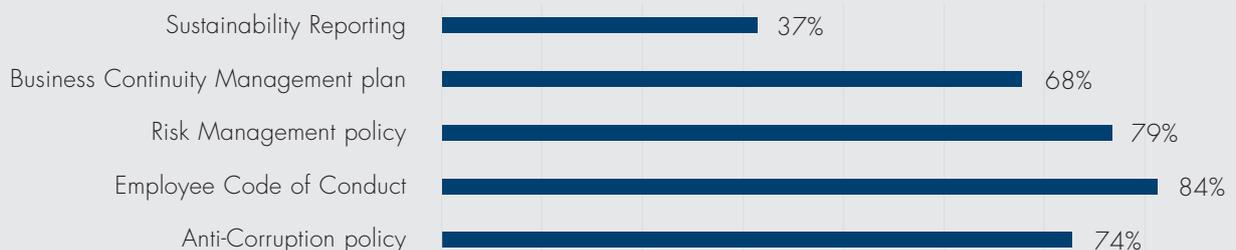
## Supplier Environmental Assessment 2021



## Supplier Social Assessment 2021



## Supplier Governance Assessment 2021





# SUSTAINABILITY REPORT 2022

## New Products

In FY2021, we launched a new flagship model: the GB85. This is the largest model that the company has built to date and the most fuel efficient. The hull employs vacuum-infused E-Glass with carbon fibre in the structural areas, cored with Corecell® and Airex® foam, stitched multi-axial fabric, and 100% vinyl ester resins, and the rest are formed from fully infused carbon fibre. This results in a lighter but stronger structure with a higher fibre-to-resin ratio.

The sleek lines of its V-Warp hull reduce water resistance: in tow-tank testing at the Australian Maritime College in Tasmania, the GB85 created virtually no wake at 21 knots. This enables the GB85 to match the speed of competitors with only slightly more than half the horsepower. Its fuel consumption is, therefore, significantly lower than other comparable yachts on the market.

Two robotic CNC machines helped build some of the parts, which are larger and more complex than those in our other models. The 8-axis robot won the award for Innovation in a Production Process at the 2019 Boat Builder Awards, and it continues to prove its value two years on.

## Product Quality

We are passionate about maintaining the superior quality of our yachts, and our reputation of offering some of the best products and services in the luxury motor yacht world. We channel decades of experience in yacht building and design into impeccable construction that makes efficiency a priority. We focus on supreme quality and interiors which guarantee comfort for long-range cruising in all seas. Our yachts are fitted with the most dependable engines and equipment, promoting durability. We constantly embrace technological innovations and state-of-the-art materials in building our yachts, as demonstrated by our award-winning 8-axis robot.

We design and build each vessel in accordance with the high standards set by industry-leading certification bodies. Over the years, we have earned a wide range of international quality certifications for our vessels, including the *Conformité Européenne* (CE) Mark and Boating and Marine Industry (NMMA) Certification, a testament to our commitment to high standards. CE Mark implies that the manufacturer or importer affirms the good's conformity with European health, safety, and environmental protection standards, while NMMA Certification ensures products' compliance with industry safety and construction standards and federal regulations.

We target to obtain these prestigious standards for our products. Currently, we are working towards obtaining NMMA Certification and the CE Mark for our newest models including EB60, PB70 and GB85. To meet these standards, all our vessels' safety impacts are assessed.

## Robot Facility

The completed revamp of our CNC Robot Facility with two robots has enhanced productivity and production capacity and streamlined the flow of production in the factory. The robots can now pump out a larger number of parts in less time.

The robot milling department is housed in a new larger location of the factory to both allow the two robots to access larger and/or multiple parts simultaneously, and to improve the factory flow of the production line.

Grand Banks' use of dual robotic milling arms, one with 8-axis of movement and the other with 7-axis of movement, was given the award for Innovation in a Production Process at the 2019 Boat Builder Awards at the National Maritime Museum in Amsterdam.



# SUSTAINABILITY REPORT 2022

## Customer Service

Our exceptional customer service goes hand-in-hand with our commitment to product quality: it's what our customers expect. By supporting our customers with regular maintenance and repair services, we demonstrate our commitment to quality customer service while helping extend the life of their yachts. Keeping a vessel in top condition also helps maintain high efficiency rates, thereby leading to an overall lower environmental footprint throughout the yachts' lifetimes.

Our Stuart Yacht division in Florida serves as our US headquarters and also serves to support customers along the US East Coast with maintenance services, repairs and other general support. Our customers in other regions of the world have access to an extensive preferred service centre network for maintenance and repairs. This ensures that our service partners are constantly kept abreast with the latest service and repair requirements.

### Interview with our long-standing customer: Mr. Tom Whidden

I became involved with Grand Banks when I purchased my first Eastbay 43' in 2005. I have now on order my 5th Grand Banks since then. Why? Because Grand Banks designs and builds boats that attract my sense of great looks, high quality build, latest technology and leading-edge performance.

I have spent my life as a competitive sailor, competing in high profile events around the world. When you sail at that level you learn a lot about boats and what makes them go through the water efficiently. You also come to appreciate that a good yacht, sail or power, can be both stiff and strong while keeping it as light as possible through careful engineering, attention to material choice and modern building techniques. Grand Banks yachts are also amazingly fuel efficient.

The other thing that makes Grand Banks special is the team. I have come to know many of them over the years. They are responsive, knowledgeable, helpful, and friendly and available in pretty much all areas we use our boats. I have also visited the large and modern factory in Malaysia three times over the years and each time I have been very impressed with the team and their attention to quality and detail. Any issues are resolved quickly, and parts are readily available. I could not be more impressed.

All things considered, I feel that I get great value from a Grand Banks yacht. That's why I keep coming back!

## Helping Customers Sell Their Pre-Owned Yachts

Increasing the lifespan of our products is an important way in which we can contribute to a more sustainable environment and enhance the service we provide to our customers. In this regard, we help customers to sell their pre-owned yachts to new owners. Our Grand Banks Yacht Sales is a dedicated platform for customers who wish to sell or trade their pre-owned yachts for another model or to order a new build. This service provides customers with the assurance that their pre-owned yacht is priced accurately and is sold most efficiently.

## Engaging with Customers

Regular engagement with our customers helps us better understand their requirements and preferences, which feed back into product and service improvements. Engagement also helps us nurture long-term relationships and increases our brand appeal and awareness.

We continue to host customer events, including owners' rendezvous events, which are typically weekend-long informal get-togethers where attendees are treated to a wide range of marine-based events and activities. Feedback from our customers on these events is highly positive and therefore, we regard these as important and successful customer engagement activities.



# SUSTAINABILITY REPORT 2022

Yacht shows are a vital way of showcasing our yacht models, building brand awareness and engaging with existing and potential customers. In addition to showcasing our boats, we support the industry in promoting yachting as a leisure pursuit or lifestyle. In FY2022, Grand Banks participated in boat shows in the USA, including at Annapolis, Fort Lauderdale, Newport, Miami, Norwalk and Palm Beach, Europe at Cannes and Australia at Sanctuary Cove.

## **Regulatory Compliance**

Grand Banks targets to operate in full compliance with all applicable economic, social and environmental laws.

### Anti-corruption

We hold ourselves to the highest ethical standards and norms of governance. Our anti-corruption policy, communicated with all our employees, explicitly prohibits the offering or receiving bribes or kickbacks in any form, be it monetary or non-monetary. All employees, including the Board members, are required to strictly comply with our ethics policy in all their correspondence and transactions. Our ongoing target is to maintain zero incidents of corruption. There were no confirmed incidents of corruption during the reported period.

### Environmental Compliance

We adhere to the local environmental regulations in each country we operate. In Malaysia, where our environmental impact is the greatest, we are guided by Environmental Quality Act supplemented by Environmental Quality Regulations. During FY2022, we had one instance of fine for non-compliance with environmental regulations in the reporting period, amounting to 4,000 Malaysian Ringgit ("RM") due to non-compliance regarding schedule waste storage and local exhaust ventilation in our operation in Malaysia. There were no non-monetary sanctions incurred during the same period. We remain committed to complying with applicable environmental regulations and upholding high environmental standards in our production processes. Our target for the environmental compliance continues to be zero incidents of non-compliance.



# SUSTAINABILITY REPORT 2022

## ECONOMIC PERFORMANCE

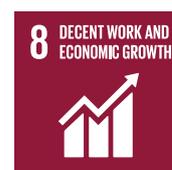
As we continue to measure and make progress on our sustainability journey, as demonstrated throughout this report, we also continue to achieve robust financial growth and progress. This is clearly reflected in our fiscal indicators for FY2022 and across the three-year period.

Positive financial performance is a key requirement for many stakeholders, including retail and institutional investors, employees and local communities. It is also a validation of the effectiveness of the Group's overall business strategies as we pursue a triple bottom line approach in managing our results and performance along social, environmental and financial lines.

Detail disclosure of our financial performance is provided in the financial section of this combined annual report. The following is a snapshot of the direct economic value generated in FY2022 in comparison with previous years.

### Material Factors

- Consistent financial performance
- Regulatory Compliance



### SUMMARY OF OUR ECONOMIC PERFORMANCE

	Financial Year		
<i>Economic performance indicators</i>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Operating revenue (\$m)	103.2	96.1	75.2
Net profit (\$m)	1.1	4.2	4.0
Total operating expenses (\$m)	16.7	15.5	17.3
Employee wages and benefits (\$m)	28.8	26.6	26.4
Tax credit/(expense) (\$m)	0.2	(1.4)	1.1
Dividend paid/declared to shareholders (\$m)	None	0.9	0.9

### TARGET AND PERFORMANCE

Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Economic Performance	Maintain long-term sustainable growth of business with consistent financial performance	Please refer to the Financial Statement on pages 66 and 67	Maintain long-term sustainable growth of business with consistent financial performance
Regulatory Compliance	Maintain zero non-compliance	Zero incidents	Maintain zero non-compliance



# SUSTAINABILITY REPORT 2022

## **Indirect Economic Impacts**

Grand Banks continues to make a positive contribution to society and the economy through indirect impacts, including creating a wide range of technical jobs, of which some are highly skilled and highly paid. Further, by establishing our operations in Malaysia, we have helped to transfer and develop unique knowledge and skills of the niche yacht designing and building industry within local communities.

In FY2022, we contributed S\$1.4 million in employee statutory contributions as well as retirement/pension contributions.

Wherever possible we rely on local suppliers for our materials, further contributing to local economies and reducing our environmental impact from transportation. In FY2022, local vendors accounted for 69% of our total purchases.



# SUSTAINABILITY REPORT 2022

## GRI CONTENT INDEX

<b>Statement of Use</b>	Grand Banks Yachts Limited has reported in accordance with the GRI Standards for the period 1 July 2021 to 30 June 2022
<b>GRI 1 Used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	Not applicable as a GRI sector standard is not available for our industry

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page Number(s)</b>
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
<b>Organisational Details and Reporting Practices</b>		
<b>GRI 2-1</b>	Organisational details	139
<b>GRI 2-2</b>	Entities included in the organisation's sustainability reporting	139
<b>GRI 2-3</b>	Reporting period, frequency and contact point	139
<b>GRI 2-4</b>	Restatements of information	140
<b>GRI 2-5</b>	External assurance	140
<b>Activities and Workers</b>		
<b>GRI 2-6</b>	Activities, value chain and other business relationships	139, 169, 170
<b>GRI 2-7</b>	Employees	160
<b>GRI 2-8</b>	Workers who are not employees	160
<b>Governance</b>		
<b>GRI 2-9</b>	Governance structure and composition	8, 9, 142
<b>GRI 2-10</b>	Nomination and selection of the highest governance body	23, 24, 25
<b>GRI 2-11</b>	Chair of the highest governance body	8
<b>GRI 2-12</b>	Role of the highest governance body in overseeing the management of impacts	142, 143, 152
<b>GRI 2-13</b>	Delegation of responsibility for managing impacts	142, 143, 152
<b>GRI 2-14</b>	Role of the highest governance body in sustainability reporting	142, 143
<b>GRI 2-15</b>	Conflicts of interest	13, 134
<b>GRI 2-16</b>	Communication of critical concerns	41, 50
<b>GRI 2-17</b>	Collective knowledge of the highest governance body	14
<b>GRI 2-18</b>	Evaluation of the performance of the highest governance body	29
<b>GRI 2-19</b>	Remuneration policies	30, 31
<b>GRI 2-20</b>	Process to determine remuneration	32, 33, 34
<b>GRI 2-21</b>	Annual total compensation ratio	Confidentiality constraints



# SUSTAINABILITY REPORT 2022

GRI Standard	Disclosure	Page Number(s)
<b>Strategies, Policies and Practices</b>		
GRI 2-22	Statement on sustainable development strategy	143, 149, 150
GRI 2-23	Policy commitments	139, 149, 150, 166
GRI 2-24	Embedding policy commitments	142, 163, 164, 166, 170
GRI 2-25	Processes to remediate negative impacts	164
GRI 2-26	Mechanisms for seeking advice and raising concerns	41
GRI 2-27	Compliance with laws and regulations	146, 151, 153, 169, 174, 175
GRI 2-28	Membership associations	146
<b>Stakeholder Engagement</b>		
GRI 2-29	Approach to stakeholder engagement	144, 145, 146
GRI 2-30	Collective bargaining agreements	166
<b>Material Topics</b>		
GRI 3-1	Process to determine material topics	147
GRI 3-2	List of material topics	148
<b>ECONOMIC TOPICS</b>		
<b>Economic Performance</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	148, 175
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	66, 141, 175
<b>Indirect Economic Impacts</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	148, 176
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	176
<b>Procurement Practices</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	148, 176
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	176



# SUSTAINABILITY REPORT 2022

GRI Standard	Disclosure	Page Number(s)
<b>Anti-Corruption</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	148, 174
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	174
	205-3 Confirmed incidents of corruption and actions taken	174
<b>ENVIRONMENTAL TOPICS</b>		
<b>Energy</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	148, 151, 153, 155
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	141, 153, 154, 156, 158
	302-3 Energy intensity	141, 153, 154, 158
<b>Emissions</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	148, 151, 154
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	157, 158
	305-4 GHG emission intensity	141, 153, 158
<b>Waste</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	148, 151, 156
<b>Management Approach Disclosures 2020</b>	306-1 Waste generation and significant waste-related impacts	156
	306-2 Management of significant waste-related impacts	156
<b>GRI 306: Waste 2020</b>	306-3 Waste generated	141, 156, 159
<b>Supplier Environmental Assessment</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	149, 170
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	170



# SUSTAINABILITY REPORT 2022

GRI Standard	Disclosure	Page Number(s)
<b>SOCIAL TOPICS</b>		
<b>Employment</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	148, 160, 161
<b>GRI 401: Employment 2016</b>	401-1 New Employee hires and employee turnover	141, 161, 167, 168
<b>Occupational Health and Safety</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	148, 163, 164
<b>Management Approach Disclosures 2018</b>	403-1 Occupational health and safety management system	163, 164
	403-2 Hazard identification, risk assessment, and incident investigation	164
	403-3 Occupational health services	164
	403-4 Worker participation, consultation, and communication on occupational health and safety	163
	403-5 Worker training on occupational health and safety	163
	403-6 Promotion of worker health	164
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	163, 164, 170
<b>GRI 403: Occupational Health and Safety 2018</b>	403-8 Workers covered by an occupational health and safety management system	163
	403-9 Work-related injuries	141, 165
<b>Training and Education</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	148, 162
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	141, 162
	404-2 Programs for upgrading employee skills and transition assistance programs	163
	404-3 Percentage of employees receiving regular performance and career development reviews	163
<b>Diversity and Equal Opportunities</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	149, 161
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	8-9, 141, 161, 167



# SUSTAINABILITY REPORT 2022

GRI Standard	Disclosure	Page Number(s)
<b>Non-Discrimination</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	149, 166
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	166
<b>Freedom of Association and Collective Bargaining</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	149, 166
<b>GRI 407: Freedom of Association and Collective Bargaining</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	166
<b>Child Labour</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	149, 166
<b>GRI 408: Child Labour 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labour	166
<b>Forced or Compulsory Labour</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	149, 166
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	166
<b>Local Communities</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	149, 169
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	169
<b>Supplier Social Assessment</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	149, 170
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	170



# SUSTAINABILITY REPORT 2022

GRI Standard	Disclosure	Page Number(s)
<b>Customer Health and Safety</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	148, 170
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	172



# SUSTAINABILITY REPORT 2022

## TCFD DISCLOSURES

TCFD Core Element	Recommended Disclosure	Grand Banks' approach	Addressed in our report
<b>Governance</b>	Describe the board's oversight of climate-related risks and opportunities.	The governance of sustainability topics has been an integral part of our corporate governance structure, with the Board having overall responsibility and oversight to ensure the environmental risks, including the climate-related risks and opportunities, are identified and properly managed at Grand Banks. The Board reviews and approves sustainability reporting and the TCFD disclosures.	152
	Describe management's role in assessing and managing climate-related risks and opportunities.	Grand Banks' SSC, chaired by the Chief Executive Officer, supports the Board and the Risk Management and Audit Committee. The SSC serves as the coordinating body for implementing sustainability policy, strategy and reporting. With oversight from the Board, the SSC reviews, assesses and determines a wide range of topics under sustainability, including the climate-related measures and initiatives. A RPT comprising representatives from the key departments and functions collects and verifies ESG data for sustainability reporting and the TCFD disclosures.	152
<b>Strategy</b>	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	We are in the process of identifying climate-related opportunities based on our understanding of the customers and suppliers' concerns and expectations, such as increasing demand for more sustainable yachts. We also understand that there are potential opportunities and key gains for the yacht industry through design and production innovations, for example, innovations within product development such as developing more sustainable forms of propulsion to minimise impact during customer use, use of hybrid electric solutions to power the yachts and use of biofuels. We continue to explore better solutions and practices as part of our future sustainability efforts.	153
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate change poses a direct threat to our oceans – the very environment that our yachts are built for and the environment that we, and our customers, are passionate about. Rising sea temperatures adversely affect marine ecosystems in the form of coral bleaching, fish migration, and drowning wetlands. Oceans are absorbing more and more carbon dioxide as levels in the atmosphere increase, which causes greater acidification, further destroying marine life. Fundamentally, curbing GHG emissions and ensuring our resilience against impacts of climate change constitute an integral part of the coastal and marine tourism, which are directly linked to the yacht industry. Therefore, our strategy is to identify and assess risks and opportunities of climate change whilst exploring various ways to reduce our impacts on the environment. In line with this, we are looking to develop a strategic approach to manage climate-related financial impacts.	152



# SUSTAINABILITY REPORT 2022

TCFD Core Element	Recommended Disclosure	Grand Banks' approach	Addressed in our report
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We plan to conduct climate scenario analysis which will help us establish appropriate targets and set a range of mitigation and adaptation measures.	152
<b>Risk Management</b>	Describe the organization's processes for identifying and assessing climate-related risks.	We have conducted a materiality assessment, through which we identified and prioritised material topics. They represent our significant economic, environmental and social impacts, risks and opportunities, or those which substantively influence the assessments and decisions of stakeholders.	147, 152
	Describe the organization's processes for managing climate-related risks.	The SSC chaired by the Chief Executive Officer, supports the Board and the Risk Management and Audit Committee. The Risk Management and Audit Committee assists the Board in examining the adequacy and effectiveness of internal controls policies and procedures.	152
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Beyond our enterprise risk management ("ERM") framework, we have identified physical risk, which are associated with the physical impacts of climate change arising from extreme weather events due to changes in climate patterns, and transitional risks, which are associated with the shift to net zero carbon economy such as policy, legal, technology, and market changes in response to climate change. To manage these risks, we put in various measures to reduce our energy consumption and waste.	35, 152



# SUSTAINABILITY REPORT 2022

TCFD Core Element	Recommended Disclosure	Grand Banks' approach	Addressed in our report
<b>Metrics and Targets</b>	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	In addition to our policies and initiatives to track and measure our environmental performance, we have adopted GRI Sustainability Reporting Standard and aligned our disclosure with UN Sustainable Development Goals. Our metrics are disclosed in the Environment chapter of this report.	141, 153, 157, 158
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Our emissions cover scope 1 direct emissions and scope 2 indirect emissions. The major contributor of emission is electricity consumption. Carbon emission is calculated in CO2 and in accordance with the GHG Protocol.	141, 157, 158
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Tracking of our progress towards the targets across the material topics is essential to sustainability at Grand Banks. Our climate-related targets include GHG emissions, energy consumption and waste, and they are disclosed in our annual sustainability report.	153

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## GRAND BANKS YACHTS LIMITED

### BOARD OF DIRECTORS

#### CHAIRMAN

Heine Askaer-Jensen

#### EXECUTIVE

Mark Jonathon Richards

#### INDEPENDENT

Heine Askaer-Jensen  
Basil Chan  
Gary James Weisman

#### NON-INDEPENDENT NON-EXECUTIVE

Gerard Lim Ewe Keng

#### RISK MANAGEMENT & AUDIT COMMITTEE

Basil Chan\*  
Heine Askaer-Jensen  
Gerard Lim Ewe Keng  
Gary James Weisman

#### REMUNERATION COMMITTEE

Heine Askaer-Jensen\*  
Basil Chan  
Gerard Lim Ewe Keng

#### NOMINATING COMMITTEE

Basil Chan\*  
Heine Askaer-Jensen  
Gerard Lim Ewe Keng

#### STRATEGIC COMMITTEE

Gary James Weisman\*  
Heine Askaer-Jensen  
Mark Jonathon Richards

### MANAGEMENT TEAM

#### CHIEF EXECUTIVE OFFICER

Mark Jonathon Richards

#### CHIEF FINANCIAL OFFICER

Chiam Heng Huat

#### COMPANY SECRETARY

Ler Ching Chua

#### REGISTERED OFFICE SINGAPORE

21 Bukit Batok Crescent  
#06-74 Wcega Tower  
Singapore 658065  
Phone: +65 6545 2929  
Email:  
gbsg@gbmarinegroup.com

#### REGISTRAR & SHARE TRANSFER OFFICE

**Boardroom Corporate &  
Advisory Services Pte Ltd**  
1 Harbourfront Avenue  
Keppel Bay Tower #14-07  
Singapore 098632

## CORPORATE INFORMATION

### CORPORATE SALES & MARKETING

#### GRAND BANKS MARINE GROUP USA CORPORATE HEADQUARTERS

450 SW Salerno Road  
Stuart, FL 34997, USA  
Phone: +1 (772) 286 9800

#### NEW ENGLAND SALES OFFICE

10 Spring Wharf  
Newport, RI 02840, USA  
Phone: +1 (401) 396 2767

#### FORT LAUDERDALE, FL SALES OFFICE

850 NE 3rd Street, Suite 210  
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Phone: +1 (954) 530 4379

#### INVESTOR RELATIONS CONTACT

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1 Raffles Place  
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Singapore 048616  
Phone: +65 6721 7161

### PRODUCTION FACILITIES

#### MALAYSIA GRAND BANKS YACHTS SDN BHD

PLO 488, Jalan Suasa  
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Johor, Malaysia  
Phone: +60 7251 7488

#### AUSTRALIA PALM BEACH MOTOR YACHT CO PTY LTD GRAND BANKS YACHTS AUSTRALIA PTY LTD

Unit 3/1 Queens Parade  
Newport NSW 2106  
Australia

#### AUDITORS

##### KPMG LLP

Public Accountants and  
Chartered Accountants  
12 Marina View, #15-01  
Asia Square Tower 2  
Singapore 018961

Partner-in-charge:  
Ms Tan Yek Lee Doreen  
Since the financial year ended  
30 June 2021

\*Denotes Committee Chairman



**GRAND BANKS YACHTS LIMITED**

**GRAND BANKS YACHTS LIMITED**

21 Bukit Batok Crescent #06-74, Wcega Tower Singapore 658065

Company Registration No. 197601189E

