GB MARINE GROUP

AN EVOLUTION OF STYLE, A REVOLUTION OF TECHNOLOGY!

ANNUAL REPORT 2023

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 2023 ("FY2023").

Against the backdrop of the challenges related to the pandemic a year ago, and growing geopolitical and economic uncertainty, it is indeed gratifying to report our best financial performance in more than 10 years.

As shareholders are aware, we faced 10 weeks of shutdowns at our main boat-building facility in Pasir Gudang, Malaysia, in FY2022 due to movement restrictions related to COVID-19. The health and well-being of our staff were paramount and we left no stone unturned in ensuring that protocols were observed.

But under the leadership of our Chief Executive Officer ("CEO") Mark Richards, Grand Banks did not just hunker down and wait for the storm to pass. The challenges of the previous year provided an opportunity to improve processes and review customer engagement. There are three aspects of this transformation that Mark led under very challenging circumstances, which I wish to highlight to shareholders.

First, at Pasir Gudang, our team refined work processes, teamwork and automation to improve quality and reduce time-to-market. These tweaks have not only borne fruit in the scorecard before you but also laid a blueprint to expand our expansion of the Malaysian facility.

We have recently announced plans to expand the Malaysian facility by more than 25%. Fitted out with new equipment and the latest technology, and with better cycle times, it will further increase our lead as one of the most advanced luxury boat-building facilities in Asia.

Second, we enlarged our service headquarters in Stuart by acquiring 458 SW Salerno Road in December 2022. The expansion in Florida has increased our berthing capacity, allowing us to service more boats concurrently while improving our service capabilities and allowing for new revenue streams. These efforts dovetail with the immense efforts that have been taken to improve online and offline customer engagement in the U.S. market.

Third, we continue to expand our range of luxury yacht models across our world-renowned brands – Grand Banks, Eastbay and Palm Beach – to include larger, sleeker and more energy-efficient models in line with market trends. The Group secured its first order for the Palm Beach 85 – the largest Palm Beach model to date – and is set to debut in the first quarter of 2025.

Building on this three-pronged strategy, we recorded an eighth consecutive year of profitability. Net profit more than doubled to S$10.1 million in FY2023 from S$4.0 million a year ago, on the back of a 51.9% increase in revenue to S$114.2 million in FY2023 (FY2022: S$75.2 million).

THE EXPANSION IN FLORIDA HAS INCREASED OUR BERTHING CAPACITY, ALLOWING US TO SERVICE MORE BOATS CONCURRENTLY WHILE IMPROVING OUR SERVICE CAPABILITIES AND ALLOWING FOR NEW REVENUE STREAMS.

Given the stellar results, the Board of Directors has proposed a final dividend of 1.0 Singapore cent per ordinary share, double from 0.5 cent paid in each of FY2022 and FY2021. Our increase in dividends underscores our commitment to rewarding shareholders for their support over the years.

While we have delivered a commendable set of results, we do not intend to rest on our laurels. The post-pandemic environment remains volatile, with short-term customer demand expected to soften amid growing economic uncertainty. The Group recorded 19 new boats and one trade-in orders in FY2023, compared to 31 new orders a year ago.

> That said, we are well-poised to navigate the choppy waters. Our net order book of S$159.4 million provides a strong buffer, and we continue to invest in capacity expansion and quality improvement so as to capture long-term growth in the yachting industry.

On behalf of the Board, I would like to extend our appreciation to our valued business partners and clients for their support throughout the year. I would also like to thank our employees, whose hard work and contributions were pivotal to our recovery.

Special thanks to our CEO Mark Richards for leading the team in this transformation which has significantly strengthened our foundation as a trusted global luxury boat builder.

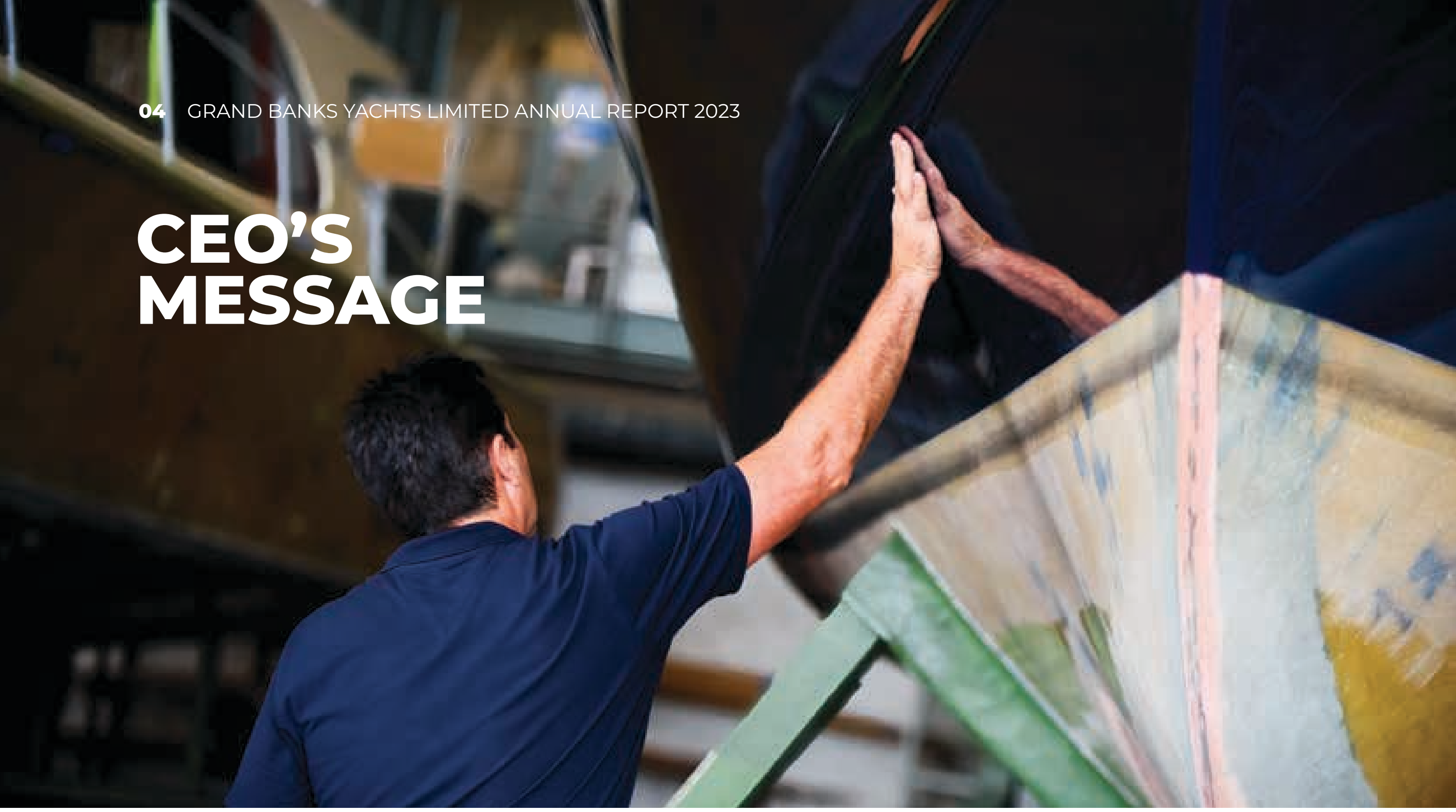
Finally, I would like to express my heartfelt thanks to our shareholders for the trust you have placed in our brand, products and long-term vision. Our commitment to enhance shareholder returns remains undiminished.

In appreciation,

HEINE ASKAER-JENSEN

Chairman of the Board of Directors

CEO'S MESSAGE



Dear Shareholders,

It gives me great pride to report that Grand Banks has staged a strong recovery from earlier pandemic-related challenges and delivered an exceptional performance for FY2023.

Allow me to first outline our financial performance in more detail. FY2023 revenue rose 51.9% year-on-year to S$114.2 million, while net profit rose 151.8% to S$10.1 million (FY2022: S$4.0 million), the highest in more than a decade, driven by higher boat-building activities during the year in review. Meanwhile, we recognised greater operational efficiencies, with gross profit margin increasing to 32.2% from 26.6% in FY2022.

The Board has proposed to double its dividend to 1.0 Singapore cent per ordinary share from 0.5 cent previously, to reward shareholders for their support.

Behind the numbers is a tale of endurance, adaptability, focus and teamwork. As you might recall, in FY2022, our manufacturing activities in Malaysia halted for almost 2.5 months due to COVID-related restrictions. The disruptions allowed us to refine processes and shopfloor improvements at our facility in Pasir Gudang, Johor.

Even then, we sensed the silver lining behind the cloud – demand for luxury boats increased substantially due to the travel restrictions. Our team began discussing how best to prime ourselves to increase capacity and efficiency to meet increased orders.

When the restrictions in Malaysia were lifted, we ramped up boat-building activities to make up for lost time and sought to build a stronger foundation for the years ahead.

As a result, the Group has undergone a significant post-pandemic transformation.

As shareholders are aware, we have outlined plans to expand our manufacturing facility in Pasir Gudang and service yard in Stuart, Florida. These two facilities are the physical backbone of our business.

With the former we reap economies of scale; the sizeable footprint allows us to innovate automate and finesse the end product without compromising our quality and our brand.

Expected to be completed by August 2024, the MYR30 million (S$9 million) expansion will provide us with an additional 143,300 sqft of usable floor space, increasing our space by more than 25%.

The latter is our high-touch experience centre in our main geographical market; from this hub, we fan out the spokes of digital marketing and exceptional customer experience and service befitting the Grand Banks' name and image.

The new property acquired in December 2022 will further strengthen our branding in the USA, our main market, and meet growing demand for post-sale services.

Together, these two initiatives will shorten delivery times, fortify our capabilities to build even larger luxury yacht models and strengthen our position in the market. I am confident these upgrades will enable us to set new industry standards and ensure we remain at the forefront of the luxury yacht industry.

Following the lifting of movement restrictions, we not only stepped up operations but resumed physical shareholder engagement. In February 2023, we held the first investor tour of the Pasir Gudang yard since the outbreak of COVID-19. We hosted over 30 shareholders and investors and explained how we have improved our processes. It was truly heartwarming to meet our shareholders in person once more, and we look forward to the next one when our new facility is completed.

In the post-pandemic environment, we are seeing the market trending towards larger but sleeker boat models.

In line with this shift, we introduced our largest Palm Beach model, the PB85. The 85-footer has already secured its first order, underscoring the demand for our timeless design and products.

The Group is also working closely with partners to introduce sustainable fuels and hybrid engines to future boat models as part of our commitment towards sustainability.

On the outlook, demand has eased from its peak during the pandemic, when travel restrictions drove the surge in boating interest. The Group recorded 19 new boats and one trade-in orders in FY2023 (FY2022: 31 new orders).

Nonetheless, the Group is well prepared. We have further strengthened our cash and fixed deposits to S$40.1 million, allowing us to remain nimble in times of volatility. Our S$159.4 million net order book will cushion the softer customer sentiment. These buffers free us from short-term distractions and focus on the expansion of our manufacturing capacity, in anticipation of long-term growth potential of the yachting industry.

Sustainability continues to be an integral part of how we do business by addressing our most significant environmental, social and governance challenges, risks and opportunities. On one hand,

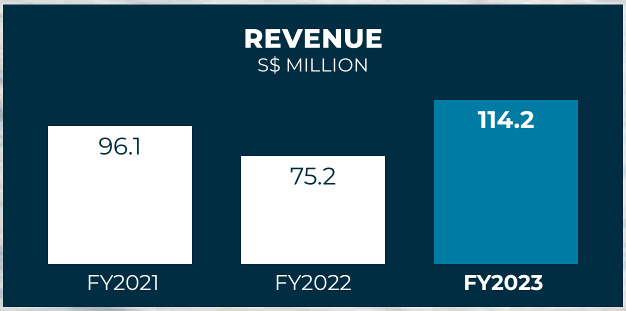
we strive to reduce the environmental footprint of our operations, on the other hand we continue to improve our yachts with an aim to minimise the impact on the environmental. We remain committed to ensuring the well-being, health and safety of our employees and play a positive role in the societies where we operate.

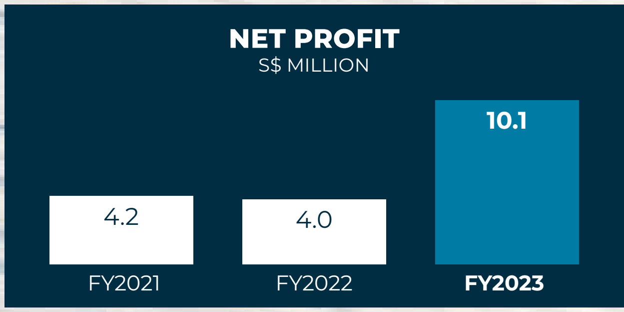
I want to extend my heartfelt gratitude to the Grand Banks staff for their unwavering commitment; it is through your collective effort that we have not only weathered the challenges of the pandemic but emerged as a more resilient and robust Group.

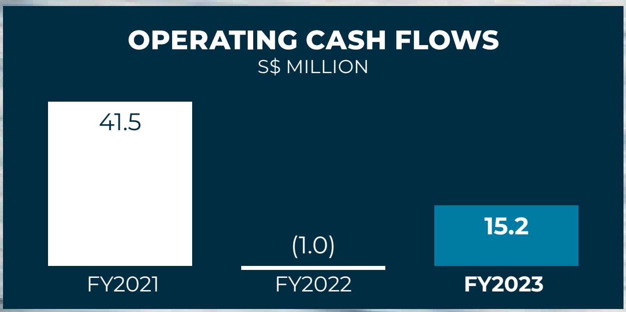
Additionally, I want to convey my deep appreciation to our esteemed customers, valued partners, and dedicated shareholders. Your contributions have been instrumental in our journey and drive us to continue delivering excellence in all we do. We are excited about the prospects that lie ahead for the new and improved Grand Banks, and look forward to continue enhancing shareholder value.

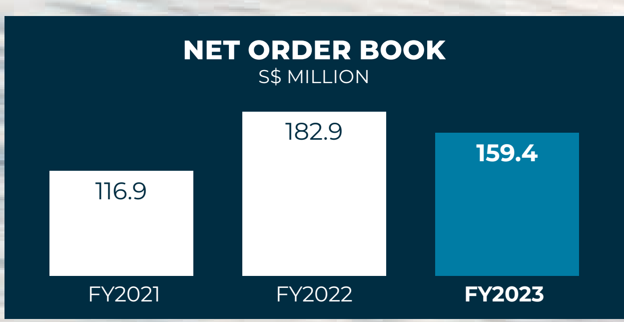
MARK J RICHARDS
Chief Executive Officer & Executive Director

FY2023 FINANCIAL HIGHLIGHTS









The Group recorded revenue for the financial year ended 30 June 2023 ("FY2023") of S$114.2 million, a 51.9% increase from S$75.2 million in FY2022. The increase was due mainly to higher boat-building activities compared to FY2022, when the Group's manufacturing facility in Pasir Gudang, Johor, recorded less than ten months of production due to pandemic-related restrictions.

FY2023 gross profit rose 84.3% to S$36.8 million from S$20.0 million, driven by improved production efficiency. Accordingly, gross profit margin for the year in review increased to 32.2% from 26.6% in FY2022. Net profit before tax increased almost five-fold to S$14.7 million in FY2023 compared to S$2.9 million a year ago.

Total operating expenses of S$22.2 million for FY2023, an increase of 28.2% compared to S$17.3 million a year earlier, mainly due to increases in sales commissions, goodwill warranty expenses, boat show-related expenses and payroll costs.

The Group recognised tax expenses of S$4.6 million in FY2023 due to profitable subsidiaries, compared to a tax credit of S$1.1 million in FY2022 (arising from recognition of deferred tax assets of certain subsidiaries). Net profit after tax more than doubled to S$10.1 million in FY2023 from S$4.0 million in FY2022.

Cash flows generated from operating activities amounted to S$15.2 million in FY2023, compared to cash flows used in operating activities of S$1.0 million a year ago, mainly due to increases in net profit, trade and other payables, partially offset by higher contract assets and inventories.

Cash and fixed deposits increased to S$40.1 million (including fixed deposits of longer maturity of S$4.5 million) as at 30 June 2023 from S$36.3 million a year ago.

Meanwhile, cash flows used in investing activities for FY2023 amounted to S$11.9 million as the Group developed new products, purchased new machinery, acquired a property directly opposite its U.S. headquarters in Stuart, Florida, and participated in placement of longer fixed deposits and other investment. Completed in December 2022, the Stuart acquisition has expanded the Group's boat-servicing capacity and strengthened branding and customer relations in its main geographical market.

Repayments of borrowings resulted in negative cash flows used in financing activities of S$3.1 million in FY2023 and S$1.3 million in FY2022 respectively. The Group's borrowings were used to finance part of the lease renewal consideration for the Malaysian yard in FY2016, partial financing of its acquisition of the U.S. yard in FY2018 and acquisition of the Stuart property in FY2023 as well as for purchase of equipment.

Grand Banks secured orders for 19 new boats and one trade-in, compared to 31 new orders for FY2022. Its net order book remained robust at S$159.4 million as of 30 June 2023, compared to S$182.9 million a year ago.

BOARD OF DIRECTORS

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 Handelshojskole, 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 27 October 2022.

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.

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 approved as an Independent Director.

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 Pte Ltd which provides corporate and financial advisory to listed and private companies. Mr. Chan is also an Independent Director of two other SGX-listed companies, namely Broadway Industrial Group Limited and Nera Telecommunications Ltd. In the last three years, he had previously sat on the Board of Memories Group Limited and AEM Holdings Ltd.

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 27 October 2022.

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 Grand Banks 60, named Iluka, since they took delivery of it in 2017.

SEA CHANGE!

EB60

HULL 01 DELIVERED TO THE OWNER IN AUGUST 2022

LIFE WITHOUT COMPROMISE

PB70

HULL 09 DELIVERED TO THE OWNER IN APRIL 2023

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 2023 ("FY2023").

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
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.	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. 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. 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.

CORPORATE GOVERNANCE REPORT

		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.
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.

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; • broad policies and the Company's Sustainability Report, including setting up the Group's values and standards (including ethical standards) and consider sustainability issues in relation to Economic, Environmental, Social and Governance ("ESG") matters; • share issuances, dividends and other returns to shareholders; • strategic plans and financial objectives; • the Group's annual operating budgets and financial plans; • the Group's overall financial and operational performances; • remuneration of key executives; • interested person transactions; • the Group's overall internal controls and risk management; • quarterly business updates, including half-year and full year financial results announcements, press releases and all other related announcements released via SGXNet; • 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.

CORPORATE GOVERNANCE REPORT

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 on sustainability efforts made by management; and
- to prepare sustainability reporting.

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.

CORPORATE GOVERNANCE 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 five meetings in FY2023. 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 FY2023 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.
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.

CORPORATE GOVERNANCE REPORT

		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 significant developments or events relating to the Group's financial, operational and business updates in order for the Board and the Board Committees' members to brief the 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 Board and the Board Committees' members are provided with complete, adequate and timely information prior to the respective Board and Board Committees' meetings to enable them to engage in full deliberation, make informed decisions on the issues being considered and fulfil their duties and responsibilities effectively. 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.

CORPORATE GOVERNANCE REPORT

	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.

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
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.	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. Each member of the NC had abstained from all discussions, deliberations and decisions in respect of assessment of their own independence.
2.2	Independent directors make up a majority of the Board where the Chairman is not independent.	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.

CORPORATE GOVERNANCE REPORT

2.3	Non-executive directors make up a majority of the Board.	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. 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.
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.

CORPORATE GOVERNANCE REPORT

The NC is satisfied that the Board, as a whole, consists of a 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

		The NC has a formal Board diversity policy, including objectives, which the Board has adopted. The Board considers that its current Directors possess the necessary competencies, and knowledge and diversity to lead and govern the Group effectively. 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. 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 FY2023, the independent and non-executive directors met or had calls informally throughout the year without the presence of the 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
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.	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 powers objectively and independently from Management. No individual or small group of individuals dominates the Board's decision making.
3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	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. 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.
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.	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.

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
4.1	The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:	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. 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. 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. The NC met once during FY2023. Please refer to Table A.1 for the composition of the NC.
	(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;	In the coming year, the NC will deliberate on succession plans for the Board, in particular the independent directors.
	(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;	An annual evaluation of the performance of the Board and its Board committees is in place. Please refer to Guideline 5.1.
	(c) the review of training and professional development programmes for the Board and its directors; and	The training and professional development programs for the Board are covered in Guideline 1.2.

CORPORATE GOVERNANCE REPORT

	(d) the appointment and re-appointment of directors (including alternate directors, if any).	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. The Company does not have any alternate directors.
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.
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.

CORPORATE GOVERNANCE REPORT

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-appointment.

The directors due to retire by rotation at the Company's forthcoming AGM for FY2023 pursuant to Article 86 of the Constitution and Rule 720(5) of the SGX-ST Listing Manual are Mr. Heine Askaer-Jensen (independent director) and Mr. Basil Chan (independent director).

There are no relationships including immediate family relationships between Mr. Heine Askaer-Jensen and the other directors, the Company or its substantial shareholders.

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

CORPORATE GOVERNANCE REPORT

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.

Independence of Directors who has served on the Board beyond Nine Years in line with SGX Listing Rule 210(5)(d)(iv)

The date of first appointment of each Independent Directors of the Company is set out in Table A.1 to this report. As at 30 June 2023, two (2) out of the three (3) Independent Directors, namely, 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 first appointment, 14 November 2011. Mr. Gary James Weisman, who was appointed as Independent Director of the Company on 28 October 2015, will be reaching his ninth year of appointment as the Independent Director of the Company on 28 October 2024.

CORPORATE GOVERNANCE REPORT

The Company had sought the shareholders' approval on the continued appointment of Mr. Heine Askaer-Jensen and Mr. Basil Chan as Independent Directors of the Company via the two-tier voting at the Company's Annual General Meeting ("AGM") held on 28 October 2021, respectively, pursuant to SGX Listing Rule 210(5)(d)(iii) *(which was removed with effect from 11 January 2023)*. Accordingly, 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 third AGM following the passing of the said resolution (i.e. the Company's AGM which will be held in 2024).

The new SGX Listing Rule 210(5)(d)(iv) which comes into effect on 11 January 2023 and the SGX transitional Practice Note 4 states that during the transitional period between 11 January 2023 and the date of the issuer's next AGM for the financial year ended on or after 31 December 2023 (i.e. until the Company's AGM for FY2024), directors who have served on the Board for an aggregate of more than nine years (whether before or after listing) can remain as independent director of the issuer as long as they meet the requirements in Listing Rules 210(5)(d)(i) and 210(5)(d)(ii); and must resign or be designated as a non-independent director no later than the Company's AGM for FY2024 in October 2024.

The NC and Board has assessed the independence status of Mr. Heine Askaer-Jensen, Mr. Basil Chan and Mr. Gary James Weisman, individually, and have considered the feedbacks and assessment made by all other fellow directors. The Board concurred with the NC's view that they have demonstrated strong independence of character, viewpoint and judgement over the years in discharging their duties and responsibilities as independent directors with upmost commitment in upholding the interests of the Group and non-controlling shareholders.

CORPORATE GOVERNANCE REPORT

The Board, having reviewed and considered the existence of relationships or circumstances, including those identified by the Code, resolved that Mr. Heine Askaer-Jensen and Mr. Basil Chan met the independence definition/requirements in Listing Rules 210(5)(d)(i) and 210(5)(d)(ii) and can continue to be deemed independent until the conclusion of the Company's next AGM in October 2024.

SGX Listing Rule 210(5)(c) provides that the Independent Directors must comprise of at least one-third of the Board. Based on the current composition of Independent Directors, unless new Independent Directors are appointed before the Company's next AGM for FY2024 in October 2024, the Company will not be in compliance with Rule 210(5)(c) in the following year.

Mr. Heine Askaer-Jensen and Mr. Basil Chan had abstained from all discussion, deliberations and decisions in respect of their own independence.

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-appointment 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 59 to 63 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.

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
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.	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. The results of the NC's assessment for FY2023 are communicated to and accepted by the Board. The Board is satisfied that it has met its performance and effectiveness objectives for FY2023. The criteria the Board's performance is evaluated include meeting financial performance targets, enhancement of shareholder value and good corporate governance practices.
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.	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. 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. 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.

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
6.1 The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:	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. 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. The RC shall cover all aspects of compensation, including but not limited to directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind. The RC will also review the compensation of key management personnel. If necessary, the RC can seek expert advice outside the Company on compensation of all directors and/or key management personnel. The RC met three times during FY2023. Please refer to Table A.1 for composition of the RC.
(a) a framework of remuneration for the Board and key management personnel; and	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.

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	(b) the specific remuneration packages for each director as well as for the key management personnel.	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 RC had reviewed and determined the remunerations packages and services contracts for the CEO and the Directors' Fee for Non-Executive Directors.
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.	The RC comprises three members: two independent directors (including the Chairman) and one non-independent and non-executive director.
6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	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. 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. 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.

CORPORATE GOVERNANCE REPORT

6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	The Company's current remuneration consultant is Robinson Consulting Pte Ltd ("RCPL") which has an independent and objective relationship with the Group. In FY2023, the Company had engaged RCPL for remuneration matters.

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.

CORPORATE GOVERNANCE REPORT

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$304,000 to be paid for the financial year ending 30 June 2024 (FY2023: S$252,500) on quarterly basis in arrears. The Company is also seeking shareholders' approval for additional directors' fees of S$51,500 for the financial year ended 30 June 2023. 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 FY2023 directors' fees for independent and non-executive directors.

CORPORATE GOVERNANCE REPORT

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 ("KMP") 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 KMP) is reviewed periodically by the RC and the Board.

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
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:	The Board has included a separate remuneration report to shareholders in the Annual Report, the remuneration of directors and the top five key management personnel (who are not Directors or the CEO).
	(a) each individual director and the CEO; and	Please refer to Table D.1 for the actual remuneration for the directors (including the CEO) for FY2023.
	(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.	Please refer to Table D.2 for the top five management personnel's (who are not directors or CEO) remuneration disclosed in bands of S$250,000 and the total aggregated remuneration paid to them for FY2023.

CORPORATE GOVERNANCE REPORT

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.	None of the Company's employees whose remuneration exceeds S$100,000 during FY2023 are related to a director or the CEO.
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.	Please refer to Note 27 of the Financial Statements and Tables D.1 and D.2. 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. There were no share awards granted in FY2023.

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.

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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 FY2023 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 FY2023 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 FY2023. 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:	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 co-operation 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.
(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 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 2023. 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 65 and 66 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 has 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 2023, 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.

CORPORATE GOVERNANCE REPORT

(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.
(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;	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.

CORPORATE GOVERNANCE REPORT

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and	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, KPMG LLP, 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 117 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 FY2023. 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 FY2023. 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

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.
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 function and is confident it has an appropriate standing within the Group, is adequately resourced and is independent of the activities it audits.
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.

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. All Directors and the external auditors of the Company attended the AGM on 27 October 2022 via electronic means. No other Shareholders' meeting was held during the financial year under review. For FY2022, the Company had received questions in advance from Shareholders and published its responses to substantial and relevant questions via SGXNET prior to the AGM. The Company's FY2023 AGM is being convened, and will be held physically on 26 October 2023 at York Hotel. Further details on the conduct of the upcoming AGM are set out in the Notice of AGM dated 10 October 2023 which have been made available on the Company's website and SGXNET.

CORPORATE GOVERNANCE REPORT

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.
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 together with the notice of general meetings to all shareholders. The Company will be sending printed copies its Notice of AGM and the accompanying Proxy Form for the FY2023 AGM to its shareholders. In our continuing sustainability efforts to protect our environment and reduce paper waste by choosing e-communication, printed copies of the FY2023 Annual Report will be sent to shareholders only upon request. Printed copy of the Request Form will also be sent to shareholders together with the Notice of AGM and Proxy Form.

CORPORATE GOVERNANCE REPORT

		Copies of the Company's Annual Report, Notice of AGM, the Proxy Form and Request Form are also made available on the SGXNET at the URL https://www.sgx.com/securities/company-announcements and 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.
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 27 October 2022 were announced via SGXNet within a month of the AGM, on 8 November 2022.
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 FY2023 of S$0.01 per ordinary share (FY2022: 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.

CORPORATE GOVERNANCE REPORT

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.
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.

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
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.	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. 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.
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.	The strategy and key areas of focus in management of stakeholder relationships are outlined in its Sustainability Report on pages 158 to 160 of the Annual Report. 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.
13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	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 http://grandbanks.listedcompany.com. 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.

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.

CORPORATE GOVERNANCE REPORT

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.

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 27 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.

Whistle-blowing 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	Date of Initial Appointment	Date of Last Re-Appointment Pursuant to Article 86	RMAC	NC	RC	SC
Heine Askaer-Jensen	Chairman, Independent and Non-Executive Director	14 November 2011	28 October 2021	Member	Member	Chairman	Member
Basil Chan	Independent and Non-Executive Director	14 November 2011	28 October 2020	Chairman	Chairman	Member	–
Gerard Lim Ewe Keng	Non-Independent and Non-Executive Director	21 February 2013	28 October 2021	Member	Member	Member	–
Gary James Weisman	Independent and Non-Executive Director	28 October 2015	27 October 2022	Member	–	–	Chairman
Mark Jonathon Richards	Chief Executive Officer and Executive Director	1 August 2014	27 October 2022	–	–	–	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	Broadway Industrial Group Limited – Non-Executive Independent Director Nera Telecommunications Ltd – Non-Executive Independent Chairman	MBE Corporate Advisory Pte Ltd	AEM Holdings Ltd – Non-Executive Independent Director Memories Group 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 General Meetings and meetings of the Board and Board Committees during FY2023

	Board of Directors Meetings	Board Committees Meetings				General Meetings
		RMAC	RC	NC	SC	AGM
Number of Meetings held	**5**	**4**	**3**	**1**	**1**	**1**
Name of Directors	**No. of meetings attended***					
Heine Askaer-Jensen	4/5	3/4	3/3	1/1	1/1	1/1
Basil Chan	5/5	4/4	3/3	1/1	NA	1/1
Gerard Lim Ewe Keng	5/5	4/4	3/3	1/1	NA	1/1
Gary James Weisman	3/5	3/4	NA	NA	1/1	1/1
Mark Jonathon Richards	5/5	NA	NA	NA	1/1	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 held.
For example, 5/5 means the director attended five meetings out of five 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 26 October 2023:

Board Members	Date of appointment	Date of last re-appointment pursuant to Article 86
Heine Askaer-Jensen	14 November 2011	28 October 2021 [including continued appointment as independent director pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which was removed with effect from 11 January 2023)].
Basil Chan	14 November 2011	28 October 2020 [28 October 2021 – continued appointment as independent director pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which was removed with effect from 11 January 2023)].

Table D.1 – Remuneration of Directors and CEO

The table below shows the breakdown of remuneration for each Director (including the CEO) for FY2023.

Remuneration of Directors (including the CEO)

Remuneration Band & Name of Directors	Base/Fixed Salary[1] S$	Share Plan S$	Bonus S$	Directors' Fees S$	Other Benefits S$	Total S$
S$1,500,001 to S$1,750,000						
Mark Jonathon Richards	1,026,396	–	480,000	–	81,269	1,587,665
Below S$250,000						
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.

CORPORATE GOVERNANCE REPORT

Directors' fees schedule for:	**(before proposed additional fees) FY2023**	**Proposed for FY2024**
Board members:	S$35,000	S$42,000
Chairman of the Board: additional	S$13,000	S$15,500
Member of the RMAC:	S$9,000	S$11,000
Chairman of the RMAC: additional	S$11,000	S$13,000
Member of other Committees:	S$4,500	S$5,500
Chairman of other Committees: additional	S$5,500	S$6,500

Table D.2 – Remuneration of Top Five Management Personnel

The table below shows the remuneration bands for the top five key management personnel (who are not Directors or the CEO) for FY2023.

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

Remuneration Band & Name of Management Personnel	Base/Fixed Salary(1)	Share Plan	Bonus	Commission	Other Benefits(2)	Total
S$750,001 to S$1,000,000						
Samuel Henry Compton	78%	–	5%	15%	2%	100%
S$250,000 to S$500,000						
Chiam Heng Huat	74%	–	26%	–	–	100%
Chase Nielsen	64%	–	24%	12%	–	100%
James David Craig	94%	–	6%	–	–	100%
Roy Peter Ditmarsch	100%	–	–	–	–	100%

Total aggregate remuneration paid to the top five management personnel (who are not Directors or the CEO) for FY2023 was S$2,492,874 (FY2022: S$1,826,762).

Notes:
(1) Inclusive of Central Provident Fund contributions, other defined contribution plans and other fixed monthly payments.
(2) Inclusive of benefits-in-kind.

DIRECTORS' STATEMENTS

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 2023.

In our opinion:

(a) the financial statements set out on pages 70 to 132 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 2023 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:

	Ordinary Shares		Share Options	
The Company	**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' STATEMENTS

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 6 October 2023.

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.

(iii) Subsequent to year end, 8,000,000 ESOS was granted by the Company to nine executives (including executive director) and four non-executive directors on 6 September 2023 to take up unissued shares in the Company upon the vesting of three years' service condition from the grant date, as disclosed in Note 30.

DIRECTORS' STATEMENTS

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 2022	Options exercised	Options expired	Options outstanding at 30 June 2023	Options exercisable at 30 June 2023	Exercise period
2/3/2015(A)	$0.228	2,400,000	–	–	**2,400,000**	**2,400,000**	2/3/2017 to 1/3/2025
5/7/2017(B)	$0.280	300,000	–	–	**300,000**	**300,000**	5/7/2019 to 4/7/2027
		2,700,000	–	–	**2,700,000**	**2,700,000**	

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 2023.
- 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' STATEMENTS

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 2023	Aggregate options granted since commencement to 30 June 2023	Aggregate options exercised since commencement to 30 June 2023	Aggregate options forfeited/ expired since commencement to 30 June 2023	Aggregate options outstanding as at 30 June 2023
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' STATEMENTS

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

6 October 2023

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 2023, 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 70 to 132.

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 2023 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	How the matter was addressed in our audit
The Group recorded goodwill of $6.0 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 2023, 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.	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. • Reviewed 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 (b): Recognition of revenue using percentage of completion method, Note 3.11 Revenue recognition, Note 21 – Revenue.

The key audit matter	How the matter was addressed in our audit
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.	Our procedures, amongst others, include the following tests: • Checked 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 the final outcomes of the contracts completed during the year to previous estimates of costs for those contracts. • For 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. • Reviewed 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 a subsidiary 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
6 October 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Non-current assets					
Property, plant and equipment	4	**30,549**	27,852	**–**	–
Right-of-use assets	5	**5,509**	6,195	**–**	–
Subsidiaries	6	**–**	–	**38,016**	38,016
Intangible assets	7	**6,886**	7,475	**–**	–
Deferred tax assets	8	**2,193**	3,958	**–**	–
		45,137	45,480	**38,016**	38,016
Current assets					
Inventories	9	**18,204**	14,587	**–**	–
Contract assets	21	**16,346**	7,281	**–**	–
Trade and other receivables	10	**6,918**	8,131	**8,271**	3,931
Prepayments	11	**1,805**	1,177	**23**	17
Current tax recoverable		**–**	1	**–**	–
Other investment	12	**1,008**	–	**–**	–
Cash and fixed deposits	13	**40,063**	36,337	**1,064**	4,056
		84,344	67,514	**9,358**	8,004
Total assets		**129,481**	112,994	**47,374**	46,020
Current liabilities					
Trade and other payables	14	**25,311**	16,380	**527**	419
Contract liabilities	21	**22,546**	23,923	**–**	–
Provisions	15	**4,378**	3,923	**–**	–
Interest-bearing loans and borrowings	16	**525**	1,216	**–**	–
Deferred consideration	17	**565**	557	**–**	–
Lease liabilities	26	**210**	198	**–**	–
Current tax payables		**2,348**	–	**–**	–
		55,883	46,197	**527**	419
Non-current liabilities					
Deferred tax liabilities	8	**830**	301	**–**	–
Interest-bearing loans and borrowings	16	**1,707**	2,310	**–**	–
Deferred consideration	17	**1,898**	580	**–**	–
Lease liabilities	26	**40**	121	**–**	–
		4,475	3,312	**–**	–
Total liabilities		**60,358**	49,509	**527**	419
Capital and reserves					
Share capital	18	**43,136**	43,136	**43,136**	43,136
Share-based compensation reserve	19	**381**	381	**381**	381
Foreign currency translation reserve	20	**(4,101)**	(554)	**–**	–
Accumulated profits		**29,707**	20,522	**3,330**	2,084
Total equity		**69,123**	63,485	**46,847**	45,601
Total equity and liabilities		**129,481**	112,994	**47,374**	46,020

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Revenue	21	**114,171**	75,177
Cost of sales		**(77,386)**	(55,214)
Gross profit		**36,785**	19,963
Selling and marketing expenses		**(13,267)**	(10,637)
Administrative expenses		**(7,841)**	(5,852)
Other operating expenses, net		**(1,064)**	(800)
Total operating expenses		**(22,172)**	(17,289)
Profit from operations		**14,613**	2,674
Other non-operating income, net	22	**291**	505
Finance cost	16	**(194)**	(231)
Profit before tax	22	**14,710**	2,948
Tax (expense)/credit	23	**(4,602)**	1,066
Profit for the year attributable to owners of the Company		**10,108**	4,014

		2023 Cents	2022 Cents
Earnings per share			
– Basic	25	**5.47**	2.17
– Diluted	25	**5.46**	2.17

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2023

	2023 $'000	2022 $'000
Profit for the year	**10,108**	4,014
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation differences relating to financial statements of foreign subsidiaries	**(3,547)**	(478)
Other comprehensive income for the year, net of income tax	**(3,547)**	(478)
Total comprehensive income for the year attributable to owners of the Company	**6,561**	3,536

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2023

	Share capital $'000	Share-based compensation reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000
Group					
At 1 July 2022	43,136	381	(554)	20,522	63,485
Total comprehensive income for the year					
Profit for the year	–	–	–	10,108	10,108
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(3,547)	–	(3,547)
Total other comprehensive income	–	–	(3,547)	–	(3,547)
Total comprehensive income for the year	–	–	(3,547)	10,108	6,561
Transactions with owners, recorded directly in equity					
Tax exempt (one-tier) dividend paid of $0.005 per ordinary share	–	–	–	(923)	(923)
Total transactions with owners	–	–	–	(923)	(923)
At 30 June 2023	**43,136**	**381**	**(4,101)**	**29,707**	**69,123**
At 1 July 2021	43,136	381	(76)	17,431	60,872
Total comprehensive income for the year					
Profit for the year	–	–	–	4,014	4,014
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(478)	–	(478)
Total other comprehensive income	–	–	(478)	–	(478)
Total comprehensive income for the year	–	–	(478)	4,014	3,536
Transactions with owners, recorded directly in equity					
Tax exempt (one-tier) dividend paid of $0.005 per ordinary share	–	–	–	(923)	(923)
Total transactions with owners	–	–	–	(923)	(923)
At 30 June 2022	43,136	381	(554)	20,522	63,485

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2023

	Note	Group 2023 $'000	Group 2022 $'000
Cash flows from operating activities			
Profit after tax		**10,108**	4,014
Adjustments for:			
Depreciation of property, plant and equipment	4	**4,296**	4,510
Depreciation of right-of-use assets	5	**364**	359
Amortisation of intangible assets	7	**118**	127
Allowance for inventories obsolescence, net	22	**118**	482
Interest income	22	**(549)**	(41)
Interest expense	16	**194**	231
Tax expense/(credit)	23	**4,602**	(1,066)
Unrealised foreign exchange (gain)/loss		**(400)**	138
		18,851	8,754
Changes in:			
– Inventories		**(4,975)**	(400)
– Trade and other receivables		**(399)**	(6,620)
– Prepayments		**(722)**	68
– Contract assets		**(9,472)**	(4,597)
– Contract liabilities		**(547)**	404
– Trade and other payables		**11,770**	1,714
– Provisions		**753**	(264)
Cash generated from/(used in) operations		**15,259**	(941)
Net income taxes paid		**(97)**	(36)
Net cash generated from/(used in) operating activities		**15,162**	(977)
Cash flows from investing activities			
Interest received		**498**	41
Placement of longer fixed deposits		**(4,541)**	–
Purchase of other investment		**(1,014)**	–
Purchase of property, plant and equipment		**(6,806)**	(7,186)
Net cash used in investing activities		**(11,863)**	(7,145)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2023

	Note	Group 2023 $'000	Group 2022 $'000
Cash flows from financing activities			
Interest paid	16	**(194)**	(231)
Dividend paid		**(923)**	(923)
Repayment of lease liabilities	16	**(203)**	(148)
Repayment of interest-bearing loans and borrowings	16	**(1,178)**	(4,378)
Repayment of deferred consideration	16	**(552)**	(521)
Proceeds from interest-bearing loans and borrowings	16	**–**	4,852
Net cash used in financing activities		**(3,050)**	(1,349)
Net increase/(decrease) in cash and cash equivalents		**249**	(9,471)
Cash and cash equivalents at beginning of year		**36,337**	45,213
Effect of exchange rate changes on balances held in foreign currency		**(1,064)**	595
Cash and cash equivalents at end of year	13	**35,522**	36,337

Significant non-cash transaction

In 2023, addition to property, plant and equipment relating to purchase of land under a promissory note financing arrangement amounted to $1,898,000 (see Note 17).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 October 2023.

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 2023 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 2023

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. 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 21.

c. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

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 28.

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 2022:

- *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)*
- *Annual Improvements to SFRS(I)s 2018-2020*

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 2023

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 consideration transferred (generally measured at fair value) over the net recognised amount (generally measured at 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 2023

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 and presented within “Other non-operating income, net”.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets and goodwill (Continued)

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 and debt investment 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets (Continued)

Debt investment at amortised cost

A debt investment 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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (Continued)

(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.

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.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (Continued)

(iii) Derecognition (Continued)

Interest rate benchmark reform (Continued)

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(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 fixed deposits

Cash and fixed deposits comprise cash balances and fixed 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 shares 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

As a lessee (Continued)

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 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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

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

General approach (Continued)

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.

(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 GGUs) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Employee benefits (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Interest income

Interest income is recognised as it accrues in income statement, under “Other non-operating income, net” 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, net” depending on whether foreign currency movements are in a net gain or net loss position.

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, net” 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Segment reporting (Continued)

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.

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 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretation 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.

- *SFRS(I) 17 Insurance Contracts and Amendments to SFRS(I) 17 Insurance Contracts*
- *Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies*
- *Amendments to SFRS(I) 1-8: Definition of Accounting Estimates*
- *Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-Current*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

4 PROPERTY, PLANT AND EQUIPMENT

	Buildings on freehold land $'000	Freehold land* $'000	Buildings on leasehold land $'000	Plant and machinery# $'000	Furniture, fixtures and equipment $'000	Toolings and moulds $'000	Motor vehicles and work boats $'000	Assets under construction $'000	Total $'000
Group									
Cost									
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	2,054	3,736	13,115	4,762	5,251	24,385	255	3,705	57,263
At 1 July 2022	2,054	3,736	13,115	4,762	5,251	24,385	255	3,705	57,263
Additions	–	1,928	891	223	680	–	31	4,951	8,704
Reclass	–	–	–	–	873	2,219	–	(3,092)	–
Translation adjustment	(83)	(113)	(1,031)	(405)	(418)	(2,114)	(18)	(129)	(4,311)
At 30 June 2023	**1,971**	**5,551**	**12,975**	**4,580**	**6,386**	**24,490**	**268**	**5,435**	**61,656**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Buildings on freehold land $'000	Freehold land* $'000	Buildings on leasehold land $'000	Plant and machinery# $'000	Furniture, fixtures and equipment $'000	Toolings and moulds $'000	Motor vehicles and work boats $'000	Assets under construction $'000	Total $'000
Group										
Accumulated depreciation and impairment losses										
At 1 July 2021		186	–	6,098	1,962	3,087	14,117	158	–	25,608
Charge for the year	22	28	–	155	463	801	3,035	28	–	4,510
Translation adjustment		19	–	(142)	(59)	(38)	(485)	(2)	–	(707)
At 30 June 2022		233	–	6,111	2,366	3,850	16,667	184	–	29,411
At 1 July 2022		233	–	6,111	2,366	3,850	16,667	184	–	29,411
Charge for the year	22	34	–	149	474	717	2,893	29	–	4,296
Translation adjustment		(15)	–	(524)	(248)	(304)	(1,495)	(14)	–	(2,600)
At 30 June 2023		**252**	**–**	**5,736**	**2,592**	**4,263**	**18,065**	**199**	**–**	**31,107**
Carrying amounts										
At 1 July 2021		1,770	3,321	5,923	2,400	1,605	9,324	79	847	25,269
At 30 June 2022		1,821	3,736	7,004	2,396	1,401	7,718	71	3,705	27,852
At 30 June 2023		**1,719**	**5,551**	**7,239**	**1,988**	**2,123**	**6,425**	**69**	**5,435**	**30,549**

* Included in freehold land is a submerged land with carrying amount of $85,000 (2022: $87,000) charged against bank borrowings (see Note 16).

\# Included in plant and machinery are travel lifts with carrying amount of $574,000 (2022: $780,000) that are charged against bank borrowings (see Note 16).

Assets under construction

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

5 RIGHT-OF-USE ASSETS

	Note	Office, hostel and factory lease $'000	Buildings on leasehold land $'000	Leasehold land* $'000	Total $'000
Group					
Cost					
At 1 July 2021		555	494	6,103	7,152
Additions		87	–	–	87
Translation adjustment		(31)	(12)	(145)	(188)
At 30 June 2022		611	482	5,958	7,051
At 1 July 2022		611	482	5,958	7,051
Additions		178	–	–	178
Translation adjustment		(19)	(40)	(494)	(553)
At 30 June 2023		**770**	**442**	**5,464**	**6,676**
Accumulated depreciation					
At 1 July 2021		132	34	356	522
Depreciation charge for the year	22	193	–	166	359
Translation adjustment		(13)	(1)	(11)	(25)
At 30 June 2022		312	33	511	856
At 1 July 2022		312	33	511	856
Depreciation charge for the year	22	212	18	134	364
Translation adjustment		(2)	(3)	(48)	(53)
At 30 June 2023		**522**	**48**	**597**	**1,167**
Carrying amounts					
At 1 July 2021		423	460	5,747	6,630
At 30 June 2022		299	449	5,447	6,195
At 30 June 2023		**248**	**394**	**4,867**	**5,509**

* Charged against bank borrowings (see Note 16).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

6 SUBSIDIARIES

	Company	
	2023	2022
	$'000	$'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 (2022: $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	
			2023	2022
			%	%
+ 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 2023

6 SUBSIDIARIES (CONTINUED)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Company 2023 %	2022 %
∞	Palm Beach Motor Yacht Co Pty Ltd ("PBMY")	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 service and 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 2023 %	2022 %
	Subsidiary of GBS				
∞	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
	Subsidiaries of GBMG				
#	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
#	Stuart Yacht Corporation ("SYC")	Owner and landlord of the property and marina.	United States of America	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

6 SUBSIDIARIES (CONTINUED)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Company 2023 %	2022 %
	Subsidiaries of GBYS				
#	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
	Subsidiary of PBMY				
#	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 country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

7 INTANGIBLE ASSETS

	Note	Goodwill $'000	Trade marks $'000	Others $'000	Total $'000
Group					
Cost					
At 1 July 2021		6,781	2,374	558	9,713
Write-off		–	–	(490)	(490)
Translation adjustment		(351)	(111)	–	(462)
At 30 June 2022		6,430	2,263	68	8,761
At 1 July 2022		6,430	2,263	68	8,761
Translation adjustment		(407)	(129)	–	(536)
At 30 June 2023		**6,023**	**2,134**	**68**	**8,225**
Accumulated amortisation					
At 1 July 2021		–	1,141	558	1,699
Amortisation	22	–	127	–	127
Write-off		–	–	(490)	(490)
Translation adjustment		–	(50)	–	(50)
At 30 June 2022		–	1,218	68	1,286
At 1 July 2022		–	1,218	68	1,286
Amortisation	22	–	118	–	118
Translation adjustment		–	(65)	–	(65)
At 30 June 2023		**–**	**1,271**	**68**	**1,339**
Carrying amounts					
At 1 July 2021		6,781	1,233	–	8,014
At 30 June 2022		6,430	1,045	–	7,475
At 30 June 2023		**6,023**	**863**	**–**	**6,886**

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 $6,023,000 (2022: $6,430,000) 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 (2022: five-year) financial budget approved by management.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

7 INTANGIBLE ASSETS (CONTINUED)

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

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.

	Group	
	2023	**2022**
	%	%
Compounded annual revenue growth rate	**2.9**	3.7
Weighted average expenses growth rate	**5.9**	2.7
Terminal value growth rate	**3.0**	0.0
Discount rate (pre-tax)	**17.5**	15.7

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. 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 two 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	
	2023	**2022**
	%	%
Compounded annual revenue growth rate	**(1.1)**	(3.4)
Weighted average expenses growth rate	**1.3**	3.6

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

8 DEFERRED TAX ASSETS AND (LIABILITIES)

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

	Assets		Liabilities	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Property, plant and equipment and intangible assets	**99**	63	**(1,379)**	(885)
Inventories	**456**	616	**–**	–
Trade receivables	**8**	–	**–**	–
Provisions and accruals	**1,855**	952	**–**	–
Tax losses and capital allowances	**324**	2,232	**–**	–
Tax incentives	**–**	679	**–**	–
Deferred tax assets/(liabilities)	**2,742**	4,542	**(1,379)**	(885)
Set off of tax	**(549)**	(584)	**549**	584
Net deferred tax assets/(liabilities)	**2,193**	3,958	**(830)**	(301)

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

	At 1 July 2021 $'000	Recognised in income statement (Note 23) $'000	Translation adjustment $'000	At 1 July 2022 $'000	Recognised in income statement (Note 23) $'000	Translation adjustment $'000	At 30 June 2023 $'000
Group							
Deferred tax assets/ (liabilities)							
Property, plant and equipment and intangible assets	(1,093)	209	62	(822)	(554)	96	**(1,280)**
Inventories	509	122	(15)	616	(116)	(44)	**456**
Trade receivables	–	–	–	–	8	–	**8**
Provisions and accruals	1,194	(306)	64	952	1,016	(113)	**1,855**
Tax losses and capital allowances	1,890	495	(153)	2,232	(1,787)	(121)	**324**
Tax incentives	–	691	(12)	679	(651)	(28)	**–**
Net deferred tax assets/(liabilities)	2,500	1,211	(54)	3,657	(2,084)	(210)	**1,363**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

8 DEFERRED TAX ASSETS AND (LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

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

	Group	
	2023	**2022**
	$'000	**$'000**
Unutilised tax losses and capital allowances	**632**	630

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	
	2023	**2022**
	$'000	**$'000**
Raw materials and components	**17,343**	15,775
Allowance for inventory obsolescence	**(2,340)**	(3,233)
	15,003	12,542
Completed stock boats at net realisable value	**2,274**	1,508
Work-in-progress	**927**	537
	18,204	14,587

In 2023, changes in raw materials and components, stock boats and work-in-progress included in cost of sales amounted to $65,432,404 (2022: $46,040,981).

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

9 INVENTORIES (CONTINUED)

Allowance for inventory obsolescence

	Group	
	2023	**2022**
	$'000	**$'000**
At 1 July	**(3,233)**	(2,816)
Allowance made during the year	**(401)**	(584)
Written-back during the year	**283**	102
Utilised during the year	**786**	–
Translation adjustment	**225**	65
At 30 June	**(2,340)**	(3,233)

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**6,793**	8,020	**–**	–
Refundable deposits	**125**	111	**–**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**8,271**	3,931
	6,918	8,131	**8,271**	3,931

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 28.

11 PREPAYMENTS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Payments in advance for purchases of raw materials and components	**1,057**	451	**–**	–
Prepaid operating expenses	**748**	726	**23**	17
	1,805	1,177	**23**	17

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

12 OTHER INVESTMENT

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Debt investment, at amortised cost	**1,008**	–	**–**	–

13 CASH AND FIXED DEPOSITS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	**10,842**	9,406	**264**	55
Fixed deposits	**29,221**	26,931	**800**	4,001
Cash and fixed deposits in the statements of financial position	**40,063**	36,337	**1,064**	4,056
Fixed deposits with longer maturity	**(4,541)**	–	**–**	–
Cash and cash equivalents in the statement of cash flows	**35,522**	36,337	**1,064**	4,056

Bank balances earns interest at floating rates based on the daily bank deposits rates. Fixed deposits are placed for varying periods of between 7 to 365 days (2022: 6 to 120 days) and earn interest at rates averaging from 0.7% to 5.2% (2022: Nil% to 2.46%) per annum.

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	**6,330**	4,383	**–**	–
Other payable	**3,953**	–	**–**	–
Advance from customers	**1,008**	1,899	**–**	–
Accrued operating expenses	**14,020**	10,098	**527**	419
	25,311	16,380	**527**	419

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

15 PROVISIONS

	Warranties $'000	Restoration $'000	Total $'000
Balance at 1 July 2022	3,905	18	3,923
Changes during the year			
Provisions made during the year	1,746	1	1,747
Claims expended during the year	(995)	–	(995)
Translation adjustment	(296)	(1)	(297)
Balance at 30 June 2023	**4,360**	**18**	**4,378**
Balance at 1 July 2021	4,217	18	4,235
Changes during the year			
Provisions made during the year	2,175	–	2,175
Claims expended during the year	(2,439)	–	(2,439)
Translation adjustment	(48)	–	(48)
Balance at 30 June 2022	3,905	18	3,923

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 recognised represents management's best estimate of the present value of the future cost required in the event that warranty claims arise. The provision recognised are periodically reviewed and updated based on the facts and circumstances available at the time. The provision is based on historical warranty claims for the past seven years (2022: seven years). The warranty period is over the next twelve months.

16 INTEREST-BEARING LOANS AND BORROWINGS

	Group	
	2023 $'000	2022 $'000
Secured bank loan		
– Current	**525**	1,216
– Non-current	**1,707**	2,310
	2,232	3,526

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YEAR ENDED 30 JUNE 2023

16 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

As at 30 June 2023, the Group's subsidiaries have secured bank loan of $2,232,000 (2022: $3,526,000):

- The outstanding bank loan denominated in Malaysian Ringgit amounting to $263,000 (2022: $1,288,000) is secured over the leasehold land of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, which has a carrying amount of $4,867,000 (2022: $5,447,000) (see Note 5), while the outstanding bank loan denominated in United States dollars amounting to $1,479,000 (2022: $1,587,000) is secured over freehold submerged land of the Group's service yard in Florida, USA which has a carrying amount of $85,000 (2022: $87,000) (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 $117,000 (2022: $190,000) is secured over a travel lift located at the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, which has a carrying amount of $185,000 (2022: $227,000), while the outstanding bank loan denominated in United States dollars amounting to $374,000 (2022: $461,000) is secured over a travel lift located at the Group's service yard in Florida, which has a carrying amount of $389,000 (2022: $553,000). 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% (2022: 3.95% to 5.25%) per annum and are repayable between year 2023 to 2026 (2022: 2022 to 2026). Interest rates are repriced within the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

16 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

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

	Liabilities			
	Interest-bearing loans and borrowings $'000	Deferred consideration (Note 17) $'000	Lease liabilities (Note 26) $'000	Total $'000
Balance at 1 July 2022	3,526	1,137	319	4,982
Changes from financing cash flows				
Repayment of interest-bearing loans and borrowings	(1,178)	–	–	(1,178)
Repayment of deferred consideration	–	(552)	–	(552)
Payment of lease liabilities	–	–	(203)	(203)
Proceed from interest-bearing loans and borrowings	–	–	–	–
Interest paid	(144)	(35)	(15)	(194)
Total changes from financing cash flows	(1,322)	(587)	(218)	(2,127)
The effect of changes in foreign exchange rates	(116)	(20)	(42)	(178)
Other changes				
Acquisition of land and building	–	1,898	–	1,898
New lease	–	–	176	176
Finance cost	144	35	15	194
Total liability-related other changes	144	1,933	191	2,268
Balance at 30 June 2023	**2,232**	**2,463**	**250**	**4,945**
Balance at 1 July 2021	3,017	1,616	403	5,036
Changes from financing cash flows				
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)
Total changes from financing cash flows	320	(577)	(169)	(426)
The effect of changes in foreign exchange rates	35	42	(23)	54
Other changes				
Recognition of extension options	–	–	87	87
Finance cost	154	56	21	231
Total liability-related other changes	154	56	108	318
Balance at 30 June 2022	3,526	1,137	319	4,982

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

17 DEFERRED CONSIDERATION

	Group	
	2023	2022
	$'000	$'000
Secured promissory notes		
– Current	**565**	557
– Non-current	**1,898**	580
	2,463	1,137

On 9 May 2018, a subsidiary 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. This note is guaranteed by the Company.

On 15 December 2022, a subsidiary acquired land and building in the United States and this was partially financed by the seller amounting to $1,898,000 (2022: Nil). The note is denominated in United States dollars repayable over a period of 15 years commencing from July 2024 and is secured over the land and building in United States with carrying value of $2,580,000. The note bears a fixed interest rate of 4% and is repayable between year 2024 to 2039.

18 SHARE CAPITAL

	2023		2022	
	Number of shares '000	$'000	Number of shares '000	$'000
Fully paid:				
Beginning of the year and end of the year	**184,635**	**43,136**	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 fixed deposits 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

19 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.

20 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.

21 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

Nature of goods or services	The Group manufactures and sell luxury yachts worldwide.
When revenue is recognised	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).
Significant payment terms	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.
Obligations for warranties	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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

21 REVENUE (CONTINUED)

Revenue from boat brokerage

Nature of goods or services	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.
When revenue is recognised	Revenue is recognised when the brokerage deal is completed.
Significant payment terms	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

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

Sale of stock boats, trade-in boats and parts

Nature of goods or services	The Group generates revenue from the sale of stock boats, trade-in boats and other spare parts of boats.
When revenue is recognised	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.
Significant payment terms	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.
Obligations for warranties	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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

21 REVENUE (CONTINUED)

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	
	2023	**2022**
	$'000	**$'000**
Revenue from construction contracts	**93,720**	63,093
Revenue from boat brokerage*	**4,112**	6,112
Rendering of services	**7,361**	5,819
Sales of stock boat	**2,768**	–
Sales of trade-in boats	**6,032**	–
Sales of parts	**178**	153
	114,171	75,177

	Group	
	2023	**2022**
	$'000	**$'000**
Timing of revenue recognition		
Transferred at a point in time	**20,451**	12,084
Transferred over time	**93,720**	63,093
	114,171	75,177
Revenue contributed by primary geographical markets:		
United States of America	**69,964**	44,765
Australia	**30,792**	29,372
Europe	**11,787**	531
Asia	**1,628**	509
	114,171	75,177

* The related brokerage costs included in selling and marketing expenses amounted to $1,758,000 (2022: $3,019,000).

Contract balances

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

	2023	**2022**
	$'000	**$'000**
Trade receivables	**6,793**	8,020
Contract assets	**16,346**	7,281
Contract liabilities	**(22,546)**	(23,923)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

21 REVENUE (CONTINUED)

Contract balances (Continued)

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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**–**	–	**21,457**	18,648
Increase due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(20,080)**	(19,256)
Contract asset reclassified to trade receivables	**(7,281)**	(2,764)	**–**	–
Changes in measurement of progress	**16,346**	7,281	**–**	–

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 2023

22 PROFIT BEFORE TAX

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

	Note	Group 2023 $'000	Group 2022 $'000
Wages, salaries and other employee benefits		**31,280**	26,386
Contributions to defined contribution plans, included in wages and salaries related costs		**1,674**	1,411
Allowance for inventories obsolescence, net		**118**	482
Depreciation of property, plant and equipment	4	**4,296**	4,510
Depreciation of right-of-use assets	5	**364**	359
Amortisation of intangible assets	7	**118**	127
Provision for warranty claims	15	**1,746**	2,175
Brokerage commission expenses		**1,758**	3,019
Auditors' remuneration:			
– auditors of the Company		**323**	300
– overseas affiliates of KPMG LLP		**61**	60
Non-audit fees paid to:			
– auditors of the Company		**31**	62
Short-term lease expenses		**160**	109
Other non-operating income, net			
Foreign exchange (loss)/gain, net		**(347)**	33
Interest income from bank		**549**	41
Government grants*		**–**	296
Sundry income		**99**	37
Others		**(10)**	98
		291	505

* In 2022, the Group received wages subsidy from the Malaysia Government amounting to $296,000 due to the COVID-19 pandemic.

23 TAX EXPENSE/(CREDIT)

	Group 2023 $'000	Group 2022 $'000
Current tax		
Current year	**2,518**	145
Deferred tax		
Origination and reversal of temporary differences	**1,054**	(716)
Over provision of deferred tax assets in respect of prior years	**701**	–
Under provision of deferred tax liabilities in respect of prior years	**329**	–
Recognition of previously unrecognised tax losses and capital allowances	**–**	(495)
	2,084	(1,211)
Tax expense/(credit)	**4,602**	(1,066)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

23 TAX EXPENSE/(CREDIT) (CONTINUED)

Reconciliation of effective tax rate

	Group	
	2023	2022
	$'000	**$'000**
Profit before tax	**14,710**	2,948
Tax at the domestic rates applicable to profits in the countries where the Group operates	**3,328**	764
Adjustments:		
Non-deductible expenses	**258**	73
Tax-exempt income	**(91)**	(546)
Over provision of deferred tax assets in respect of prior years	**701**	–
Under provision of deferred tax liabilities in respect of prior years	**329**	–
Recognition of previously unrecognised capital allowances and tax losses	**–**	(495)
Tax incentives	**–**	(691)
Recognition of previously unrecognised temporary differences	**–**	(316)
Withholding tax	**85**	128
Others	**(8)**	17
	4,602	(1,066)

24 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.

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.

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24 SHARE-BASED COMPENSATION (CONTINUED)

ESOS (equity-settled) (Continued)

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 2022	Options exercised	Options expired	Options outstanding at 30 June 2023	Options exercisable at 30 June 2023	Exercise period
2023							
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
		2,700,000	–	–	**2,700,000**	**2,700,000**	
2022							
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
		2,700,000	–	–	2,700,000	2,700,000	

No share options were exercised in 2023 and 2022.

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:

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%

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

24 SHARE-BASED COMPENSATION (CONTINUED)

ESOS (equity-settled) (Continued)

Fair value of ESOS and assumptions (Continued)

During the year, the Group charged $Nil (2022: $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.

25 EARNINGS PER SHARE

	Group	
	2023	**2022**
Basic earnings per share		
Basic earnings per share is based on:		
Profit for the year ($'000)	**10,108**	4,014
Number of shares outstanding at beginning of the year ('000)	**184,635**	184,635
Weighted average number of ordinary shares at the end of the year ('000)	**184,635**	184,635
Diluted earnings per share		
Diluted earnings per share is based on:		
Profit for the year ($'000)	**10,108**	4,014
Number of shares outstanding at beginning of the year ('000)	**184,635**	184,635
Weighted average number of unissued ordinary shares from share options ('000)	**2,700**	2,700
Weighted average number of ordinary shares that would have been issued at average market price under the share options plan ('000)	**(2,125)**	(2,155)
Weighted average number of ordinary shares at the end of the year ('000)	**185,210**	185,180

26 LEASES

	2023 $'000	**2022 $'000**
Current	**210**	198
Non-current	**40**	121
	250	319

Leases as lessee

The Group leases land, office space and hostel. The lease for land has a remaining lease period of 29 years (2022: 30 years). The leases for office and hostel space typically run for two to four years.

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26 LEASES (CONTINUED)

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 $592,000 (2022: $632,000).

27 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, Managing Director and the Board of Directors are considered as key management personnel of the Group.

	Group	
	2023	**2022**
	$'000	**$'000**
Short-term benefits	**3,472**	2,269
Contribution to defined contribution plans	**87**	79
	3,559	2,348

28 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 2023, 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:

	2023 Not credit-impaired $'000	2022 Not credit-impaired $'000
Receivables measured at lifetime ECL		
Trade receivables	**6,793**	8,020
Contract assets	**16,346**	7,281
	23,139	15,301

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

Other investment

Other investment is short-term in nature and placed with a financial institution, which is regulated. The amount of the allowance on other investment is insignificant.

Cash and fixed deposits

Cash and fixed deposits are placed with financial institutions, which are regulated. The amount of the allowance on cash and fixed deposits 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 17). 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 17).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and fixed deposits 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
Group						
30 June 2023						
Trade and other payables*	14	**21,024**	**21,024**	**21,024**	**–**	**–**
Interest-bearing loans and borrowings	16	**2,232**	**2,465**	**614**	**1,851**	**–**
Lease liabilities	26	**250**	**360**	**282**	**78**	**–**
Deferred consideration	17	**2,463**	**3,105**	**578**	**674**	**1,853**
30 June 2022						
Trade and other payables*	14	12,026	12,026	12,026	–	–
Interest-bearing loans and borrowings	16	3,526	3,881	1,321	2,520	40
Lease liabilities	26	319	336	211	125	–
Deferred consideration	17	1,137	1,186	593	593	–
Company						
30 June 2023						
Trade and other payables	14	**527**	**527**	**527**	**–**	**–**
30 June 2022						
Trade and other payables	14	419	419	419	–	–

* Excludes advance from customers and employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

28 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 fixed deposits.

		Group		Company	
		Carrying amount		Carrying amount	
	Note	2023	2022	2023	2022
		$'000	$'000	$'000	$'000
Fixed rate instruments					
Fixed deposits	13	**29,221**	26,931	**800**	4,001
Deferred consideration	17	**(2,463)**	(1,137)	**–**	–
		26,758	25,794	**800**	4,001

		Group		Company	
		Carrying amount		Carrying amount	
	Note	2023	2022	2023	2022
		$'000	$'000	$'000	$'000
Variable rate instruments					
Cash and bank balances	13	**10,842**	9,406	**264**	55
Interest-bearing loans and borrowings	16	**(2,232)**	(3,526)	**–**	–
		8,610	5,880	**264**	55

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 follow:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
100 bp increase				
Increase in profit before tax	**86**	59	**3**	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 2023

28 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
Group					
30 June 2023					
Financial assets					
Trade and other receivables	**–**	**5**	**1**	**–**	**–**
Cash and fixed deposits	**7,621**	**1,683**	**4,416**	**113**	**–**
Financial liabilities					
Trade and other payables	**(1,725)**	**(2,956)**	**(379)**	**(1,789)**	**–**
Net currency exposure	**5,896**	**(1,268)**	**4,038**	**(1,676)**	**–**
30 June 2022					
Financial assets					
Trade and other receivables	–	12	–	–	–
Cash and fixed deposits	2,836	1,889	1,110	199	–
Financial liabilities					
Trade and other payables	(927)	(2,203)	(271)	(1,625)	(51)
Net currency exposure	1,909	(302)	839	(1,426)	(51)

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.

	2023 Profit or loss $'000	2022 Profit or loss $'000
Group		
USD	**59**	19
SGD	**(13)**	(3)
AUD	**40**	8
EUR	**(17)**	(14)
GBP	**–**	(1)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (Continued)

Sensitivity analysis (Continued)

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.

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
Group					
30 June 2023					
Trade and other receivables	10	6,918	–	6,918	6,918
Other investment	12	1,008	–	1,008	1,008
Cash and fixed deposits	13	40,063	–	40,063	40,063
		47,989	–	47,989	47,989
Trade and other payables*	14	–	21,024	21,024	21,024
Interest-bearing loans and borrowings	16	–	2,232	2,232	2,232
Deferred consideration	17	–	2,463	2,463	2,463
		–	25,719	25,719	25,719

* Excludes advance from customers and employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

28 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
Group					
30 June 2022					
Trade and other receivables	10	8,131	–	8,131	8,131
Cash and fixed deposits	13	36,337	–	36,337	36,337
		44,468	–	44,468	44,468
Trade and other payables*	14	–	12,026	12,026	12,026
Interest-bearing loans and borrowings	16	–	3,526	3,526	3,526
Deferred consideration	17	–	1,137	1,137	1,137
		–	16,689	16,689	16,689
Company					
30 June 2023					
Trade and other receivables	10	**8,271**	**–**	**8,271**	**8,271**
Cash and fixed deposits	13	**1,064**	**–**	**1,064**	**1,064**
		9,335	**–**	**9,335**	**9,335**
Trade and other payables	14	**–**	**527**	**527**	**527**
30 June 2022					
Trade and other receivables	10	3,931	–	3,931	3,931
Cash and fixed deposits	13	4,056	–	4,056	4,056
		7,987	–	7,987	7,987
Trade and other payables	14	–	419	419	419

* Excludes advance from customers and employee benefits.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair values of financial assets and financial liabilities (Continued)

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 fixed deposits, other investment 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.

29 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 (2022: 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 2023

29 OPERATING SEGMENTS (CONTINUED)

	Manufacturing and trading segment		Others		Reconciliation: Corporate		Reconciliation: Adjustments		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses										
External revenue	**100,259**	64,949	**13,912**	10,228	**–**	–	**–**	–	**114,171**	75,177
Inter-segment revenue	**7,305**	6,780	**1,548**	1,900	**3,159**	1,474	**(12,012)**	(10,154)	**–**	–
Total revenue	**107,564**	71,729	**15,460**	12,128	**3,159**	1,474	**(12,012)**	(10,154)	**114,171**	75,177
Segment results*	**25,722**	12,506	**3,254**	5,121	**2,169**	661	**(12,012)**	(10,154)	**19,133**	8,134
Depreciation and amortisation	**(4,778)**	(4,996)	**–**	–	**–**	–	**–**	–	**(4,778)**	(4,996)
Interest income	**549**	41	**–**	–	**–**	–	**–**	–	**549**	41
Interest expense	**(194)**	(231)	**–**	–	**–**	–	**–**	–	**(194)**	(231)
Operating profit before tax	**21,299**	7,320	**3,254**	5,121	**2,169**	661	**(12,012)**	(10,154)	**14,710**	2,948
Income tax (expense)/ credit	**(4,602)**	1,066	**–**	–	**–**	–	**–**	–	**(4,602)**	1,066
Segment profit	**16,697**	8,386	**3,254**	5,121	**2,169**	661	**(12,012)**	(10,154)	**10,108**	4,014

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

29 OPERATING SEGMENTS (CONTINUED)

	Manufacturing and trading segment		Others		Reconciliation: Corporate		Reconciliation: Adjustments		Reconciliation: Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other material non-cash items:										
Allowance made for inventory obsolescence, net	**(118)**	(482)	**–**	–	**–**	–	**–**	–	**(118)**	(482)
Provision for warranty claims	**(1,746)**	(2,175)	**–**	–	**–**	–	**–**	–	**(1,746)**	(2,175)
Assets and liabilities										
Segment assets	**126,201**	104,962	**–**	–	**47,374**	46,020	**(46,287)**	(41,947)	**127,288**	109,035
Tax assets	**2,193**	3,959	**–**	–	**–**	–	**–**	–	**2,193**	3,959
Segment liabilities	**56,653**	48,789	**–**	–	**527**	419	**–**	–	**57,180**	49,208
Tax liabilities*	**3,178**	301	**–**	–	**–**	–	**–**	–	**3,178**	301
Capital expenditures	**8,704**	7,186	**–**	–	**–**	–	**–**	–	**8,704**	7,186

* Tax liabilities comprise of current tax payables and deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

29 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 21. The non-current assets, primarily the manufacturing facilities of $37,435,000 (2022: $35,327,000) are substantially located in Malaysia (2022: Malaysia).

30 SUBSEQUENT EVENTS

On 29 August 2023, the Group proposed a first and final dividend of 1.0 Singapore cent per ordinary share (one-tier tax exempt) in respect of financial year ended 30 June 2023. The proposed final dividend amounting to $1,846,000 has not been recognised as at year end and is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

On 6 September 2023, the Company announced the grant of 8,000,000 ESOS of which 3,000,000 were granted to the Directors (including the CEO) and the remaining 5,000,000 were granted to employees of the Company.

STATISTICS OF SHAREHOLDINGS

AS AT 18 SEPTEMBER 2023

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

Director's Shareholdings
As at 21 July 2023

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 18 September 2023, 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[1]	27,443,496	–	27,443,496	14.86
Arminella Pty Ltd[2] (as trustee for SJHA Investment Trust)	18,075,778	–	18,075,778	9.79
Mark Jonathon Richards	11,025,400	–	11,025,400	5.97

Notes:
(1) 27,443,496 shares are held by Citibank Nominees Singapore Pte Ltd.
(2) 18,075,778 shares are held by Raffles Nominees (Pte) Limited.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	95	6.18	1,016	0.00
100 – 1,000	270	17.55	148,048	0.08
1,001 – 10,000	777	50.52	3,428,592	1.86
10,001 – 1,000,000	386	25.10	27,935,204	15.13
1,000,001 and above	10	0.65	153,121,789	82.93
TOTAL	**1,538**	**100.00**	**184,634,649**	**100.00**

As at 18 September 2023, 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 18 SEPTEMBER 2023

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	35,264,216	19.10
3	Raffles Nominees (Pte) Limited	20,350,528	11.02
4	Phillip Securities Pte Ltd	15,905,401	8.61
5	Mark Jonathon Richards	11,025,400	5.97
6	DBS Nominees (Private) Limited	8,864,898	4.80
7	Goh Guan Siong (Wu YuanXiang)	4,003,100	2.17
8	United Overseas Bank Nominees (Private) Limited	2,068,112	1.12
9	ABN AMRO Clearing Bank N.V.	2,024,000	1.10
10	OCBC Nominees Singapore Private Limited	1,006,140	0.54
11	Lim Geck Chin Mavis	1,000,000	0.54
12	Est of Mrs Lim Nancy Nee Tan Nancy, Dec'd	1,000,000	0.54
13	Heine Askaer-Jensen	701,500	0.38
14	Chua Cheow Chuan	635,000	0.34
15	Goh Piak Yam	600,000	0.32
16	UOB Kay Hian Private Limited	589,800	0.32
17	Ifast Financial Pte. Ltd.	577,400	0.31
18	Teo Chin Yee (Zhang Jinyi)	570,000	0.31
19	Lim Seng Chiang	450,000	0.24
20	Chin Kiam Hsung	438,000	0.24
	TOTAL	**159,683,489**	**86.46**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company (the "**AGM**") will be held at **York Hotel Singapore (Rose Room I & II – Upper Lobby Level), 21 Mount Elizabeth, Singapore 228516 on Thursday, 26 October 2023 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 2023 together with the Auditors' Report thereon. **(Resolution 1)**

(2) To declare a first and final one-tier tax exempt dividend of 1.0 Singapore cent per ordinary share for the financial year ended 30 June 2023. (*2022: 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 additional Directors' fees of S$51,500 for the financial year ended 30 June 2023. **(Resolution 4)**

(5) To approve the payment of Directors' fees of S$304,000 for the financial year ending 30 June 2024, to be paid quarterly in arrears. (*2023: S$252,500 before Resolution 4 above*). **(Resolution 5)**

(6) To re-appoint Mr. Heine Askaer-Jensen, 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 ("**SGX-ST**"), and who, being eligible, offers himself for re-election as an Independent and Non-Executive Director.
[see Explanatory Note (i)(a)] **(Resolution 6)**

(7) To re-appoint Mr. Basil Chan, 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 Independent and Non-Executive Director.
[see Explanatory Note (i)(b)] **(Resolution 7)**

(8) 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:

(9) **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

NOTICE OF ANNUAL GENERAL MEETING

(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

(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;

NOTICE OF ANNUAL GENERAL MEETING

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 8)**

(10) **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, 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 9)**

BY ORDER OF THE BOARD

Ler Ching Chua
Company Secretary

Singapore
10 October 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolutions 6 and 7 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. Heine Askaer-Jensen will, upon re-appointment as an Independent and Non-Executive Director, remain as Chairman of the Board of Directors, Chairman of the Remuneration Committee, and a member of the Risk Management and Audit Committee, Nominating Committee and Strategic Committee of the Company, and will be considered independent.

There are no relationships including immediate family relationships between Mr. Heine Askaer-Jensen and the other Directors, the Company or its substantial shareholders.

(b) Mr. Basil Chan will, upon re-appointment as an Independent and Non-Executive Director of the Company, remain as Chairman of Risk Management and Audit Committee, Chairman of the Nominating Committee and a member of the Remuneration Committee of the Company, and will be considered independent.

There are no relationships including immediate family relationships between Mr. Basil Chan and the other Directors, the Company or its substantial shareholders.

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 Heine Askaer-Jensen and Mr. Basil Chan, 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 26 October 2023" sections of the FY2023 Annual Report of the Company.

(ii) The Ordinary Resolution 8, 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) The Ordinary Resolution 9, 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 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.

Notes:

1. The Annual General Meeting of the Company ("**AGM**") is being convened, and will be held physically. Printed copies of the Company's FY2023 Annual Report **will not** be mailed to members. However, printed copies of this Notice, the accompanying Proxy Form and the Request Form will be sent by post to members.

   Copies of the Company's FY2023 Annual Report, Notice of AGM, Proxy Form and the Request Form will also be made available to members on the Company's website at the URL http://grandbanks.listedcompany.com; and the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

NOTICE OF ANNUAL GENERAL MEETING

Members who wish to request for a printed copy of the FY2023 Annual Report may do so by completing and submitting the Request Form to the Company **by Wednesday, 18 October 2023**, in the following manner:

(a) by email to GBYAGM2023@boardroomlimited.com; or

(b) by post to the registered office of the Company at 21 Bukit Batok Crescent, #06-74 Wcega Tower, Singapore 658065.

2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his/her/its behalf at the AGM. Where such member appoints two (2) proxies, the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in the Proxy Form.

3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy is been appointed shall be specified in the Proxy Form. Failing which, the appointments shall be invalid.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967:

   (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 under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. CPF and SRS Investors who wish to attend and vote at the AGM or appoint proxy/proxies for the AGM should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 16 October 2023**, being seven (7) working days prior to the date of the AGM.

5. A proxy need not be a member of the Company.

6. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the Proxy Form appointing the Chairman of the AGM as proxy. If no specific direction is given as to voting (whether to vote in favour of or against), or abstentions from voting in respect of a resolution in the Proxy Form, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

7. The Proxy Form must be signed by the appointor or his/her attorney duly authorised in writing.

8. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. If the appointor is a corporation, the Proxy Form must be executed either under it common seal or under the hand of its duly authorised officer or attorney. A copy of the power of attorney or such other authority must be submitted together with the instrument appointing a proxy.

9. The duly completed and executed Proxy Forms appointing proxy(ies) or corporate representative(s) must be submitted in the following manner **no later than 10.00 a.m. on 25 October 2023**, being not less than twenty-four (24) hours before the time appointed for the taking of the poll of the AGM pursuant to Article 76 of the Company's Constitution:

   (a) **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

   (b) **If submitted electronically**, be submitted via email to the Company's share registrar at GBYAGM2023@boardroomlimited.com by enclosing a signed PDF copy of the Proxy Form.

   Failing which, the Proxy Form shall be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

SUBMISSION OF QUESTIONS PRIOR TO THE ANNUAL GENERAL MEETING

(a) A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations no later than 10.00 a.m. on 17 October 2023 by email to GBYAGM2023@boardroomlimited.com or by post to the Company's registered office at 21 Bukit Batok Crescent, #06-74 Wcega Tower, Singapore 658065.

(b) The Company will upload the responses to the substantial and relevant questions from shareholders on the SGXNET and Company's website by 10.00 a.m. on 20 October 2023.

(c) The Company endeavours to address (i) subsequent clarifications sought (ii) follow-up questions or (iii) subsequent substantial and relevant questions which are received after its responses referred to at (b) above, at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

Personal data privacy:

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

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 1.0 Singapore cent per ordinary share in respect of the financial year ended 30 June 2023 ("**Proposed Final Dividend**") at the Company's Annual General Meeting to be held on 26 October 2023 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed on Thursday, 9 November 2023 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, 17 November 2023.

BY ORDER OF THE BOARD

Ler Ching Chua
Company Secretary
10 October 2023

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 26 OCTOBER 2023

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 Heine Askaer-Jensen and Basil Chan**, who are seeking re-appointment as Directors of the Company pursuant to Article 86 of the Constitution of the Company and Rule 720(5) of the Listing Manual of the SGX-ST at the Company's forthcoming Annual General Meeting **on 26 October 2023**, are set out below:

Name Of Directors	**Heine Askaer-Jensen** *Non-Executive and Independent Director*	**Basil Chan** *Non-Executive and Independent Director*
Date of Appointment	14 November 2011	14 November 2011
Date of last re-appointment	28 October 2021 [including continued appointment as independent director pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which was removed with effect from 11 January 2023)].	28 October 2020 [28 October 2021 – continued appointment as independent director pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which was removed with effect from 11 January 2023)].
Age	70	72
Country of principal residence	Denmark	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The NC had recommended to the Board the re-appointment of Mr Heine Askaer-Jensen as a Non-Executive and Independent Director and took into account his expertise, participation and attendance at the Board and Board Committees' meetings, and overall contributions to the effectiveness of the Board as a whole in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr Heine's re-appointment as a Non-Executive and Independent Director of the Company.	The NC had recommended to the Board the re-appointment of Mr Basil Chan as a Non-Executive and Independent Director and took into account his expertise, participation and attendance at the Board and Board Committees' meetings, and overall contributions to the effectiveness of the Board as a whole in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr Basil Chan's re-appointment as a Non-Executive and Independent Director of the Company.
Whether re-appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 26 OCTOBER 2023

Name Of Directors	**Heine Askaer-Jensen** *Non-Executive and Independent Director*	**Basil Chan** *Non-Executive and Independent Director*
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent and Non-Executive Director; Chairman of the Board of Directors; Chairman of the Remuneration Committee; and a member of the Risk Management and Audit Committee, the Nominating Committee and the Strategic Committee.	Independent and Non-Executive Director; Chairman of the Risk Management and Audit Committee, Chairman of the Nominating Committee, and a member of the Remuneration Committee.
Professional qualifications	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 08 of the Annual Report.
Working experience and occupation(s) during the past 10 years	**2011 to Present:** Independent and Non-Executive Director of the Company.	**2011 to Present:** Independent and Non-Executive Director of the Company. **2003 to Present:** Managing Director – MBE Corporate Advisory Pte Ltd **2019 to Present:** Director – Broadway Industrial Group Limited **Mar 2020 to Present:** Director – Nera Telecommunications Ltd **2023 to Present:** Director – Memories (2022) Pte. Limited
Shareholding interest in the listed issuer and its subsidiaries	701,500 ordinary shares	301,500 ordinary shares
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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 26 OCTOBER 2023

Name Of Directors	**Heine Askaer-Jensen** *Non-Executive and Independent Director*	**Basil Chan** *Non-Executive and Independent Director*
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments[1] including Directorships[2]	**Past Directorships** (for the last 5 years): Nil **Present/Existing Directorships, and Other Principal Commitments:** Nil	**Past Directorships** (for the last 5 years): **2012 to 2020** Director – Global Invacom Group Limited **2006 to 2022** Director – AEM Holdings Ltd **2017 to 2023** Director – Memories Group Limited **Present/Existing Directorships, and Other Principal Commitments:** Managing Director – MBE Corporate Advisory Pte Ltd Director – Broadway Industrial Group Limited Director – Memories (2022) Pte. Limited Director – Nera Telecommunications Ltd
Disclosures as set out in paragraphs (a) to (k) of the Appendix 7.4.1	For the past 10 years, Mr. Heine Askaer-Jensen has provided a negative confirmation to each of the items (a) to (k).	For the past 10 years, Mr. Basil Chan has provided a negative confirmation to each of the items (a) to (k).

[1] "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).

[2] 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).

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GRAND BANKS YACHTS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197601189E)

IMPORTANT

1. For investors who have used their CPF monies to buy shares of Grand Banks Yachts Limited, 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.
2. CPF/SRS Investors who wish to attend and vote at the AGM or appoint proxy/proxies, should contact their respective CPF Agent Bank/SRS Operators to submit their votes by **5.00 p.m.** on **16 October 2023**, being seven (7) working days prior to the date of the AGM.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. **Please read the notes to the Proxy Form.**

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(s):

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 Meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at **York Hotel Singapore (Rose Room I & II – Upper Lobby Level), 21 Mount Elizabeth, Singapore 228516 on Thursday, 26 October 2023 at 10.00 a.m.** 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[(1)]	Against[(1)]	Abstain[(1)]
Resolution 1 Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2023.			
Resolution 2 Payment of proposed first and final one-tier tax exempt dividend of 1.0 Singapore cent per ordinary share for the financial year ended 30 June 2023.			
Resolution 3 Re-appointment of KPMG LLP as Auditors of the Company and authorising the Directors to fix their remuneration.			
Resolution 4 Approval of payment of additional Directors' fees of S$51,500 for the financial year ended 30 June 2023.			
Resolution 5 Approval of payment of Directors' fees of S$304,000 for the financial year ending 30 June 2024, to be paid quarterly in arrears.			
Resolution 6 Re-appointment of Mr. Heine Askaer-Jensen as an Independent and Non-Executive Director.			
Resolution 7 Re-appointment of Mr. Basil Chan as an Independent and Non-Executive Director.			
Resolution 8 Authority to issue shares.			
Resolution 9 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.			

[(1)] *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 Meeting as proxy and in the absence of specific directions in respect of a resolution, the Chairman of the Meeting as proxy for that resolution will be treated as invalid.***

Dated this ________ day of ____________________ 2023.

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. Printed copy of this Proxy Form **will** be mailed to members. This Proxy Form is also available to members on the Company's website at the URL http://grandbanks.listedcompany.com, and on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

2. 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.

3. A proxy need not be a member of the Company.

4. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his/her/its behalf at the Meeting of the Company. Where such member appoints two (2) proxies, the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in the Proxy Form.

5. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy is been appointed shall be specified in the Proxy Form. Failing which, the appointments shall be invalid.

   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 ("**CPF 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be submitted in the following manner **no later than 10.00 a.m. on 25 October 2023**, being not less than **twenty-four (24)** hours before the time appointed for the taking of the poll of the Meeting pursuant to Article 76 of the Company's Constitution:

   (a) **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

   (b) **If submitted electronically**, be submitted via email to the Company's share registrar at GBYAGM2023@boardroomlimited.com by enclosing a signed PDF copy of the Proxy Form.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 instrument appointing a proxy or proxies 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 instrument of proxy, failing which the instrument may be treated as invalid.

9. 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 Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 October 2023.

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

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SUSTAINABILITY REPORT 2023

ABOUT THIS REPORT

This is the seventh annual Sustainability Report ("Report") from Grand Banks Yachts Limited ("Grand Banks", "the Company"). The Report provides an annual update on our ongoing sustainability commitments and actions, with a primary focus on addressing Grand Banks' significant Environmental, Social, and Governance ("ESG") risks and opportunities. Combined with our Annual Report, this information provides stakeholders with a comprehensive overview of our overall company performance.

Grand Banks is headquartered in Singapore and is engaged in the manufacturing of yachts under the brands Grand Banks, Eastbay, and Palm Beach. Our manufacturing yard is located in Pasir Gudang, Johor, Malaysia, while customer support is provided from service yards in Stuart, Florida, USA, and Newport, New South Wales, Australia. There have been no significant changes to the Company's size, structure, ownership, or supply chain in the reporting period.

This report has been prepared with reference to the GRI Standards ("GRI Standards 2021"), chosen due to their international recognition, widespread usage by companies globally, and comprehensive coverage of various ESG topics. Additionally, this report is compliant with SGX-ST Listing Rules (711A and 711B) for Sustainability Reporting. Also, we have aligned our sustainability reporting with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, providing stakeholders with valuable information on climate-related risks and opportunities relevant to Grand Banks.

Continuing our practice from previous years, we have integrated the UN Sustainable Development Goals ("SDGs") into our reporting process to illustrate our contribution to sustainable development.

Reporting Scope and Principles

The report encompasses Grand Banks' ESG performance for FY2023, spanning from 1 July 2022 to 30 June 2023 ("FY2023"). For comparative purposes, we have included historical data from FY2021 and FY2022, unless otherwise specified. Our consolidated financial statements have been audited, and there is no disparity between the entities listed in our financial reporting and those in the sustainability report.

This report comprehensively addresses material ESG topics across our operations, identified through a materiality assessment process following the GRI Standards 2021. We have adhered to GRI principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability to ensure high-quality reporting. The disclosed information encompasses policies, practices, performance, and targets for each identified material ESG factor. Additionally, the report covers Grand Banks' business and operational strategies, its operating environment, various risk factors, opportunities, and overall outlook and prospects.

All data presented in this report originates from primary official records, ensuring accuracy and verifiability. In instances where data is incomplete or unavailable, we have provided comprehensive disclosure with necessary supporting explanations and rationales. For ease of comparison, internationally accepted measurement units have been used for all data, with financial figures reported in Singapore dollars unless explicitly specified otherwise.

SUSTAINABILITY REPORT 2023

Environmental and social performance data covers our Singapore head office, the manufacturing facility in Malaysia, and operations in the United States of America ("USA" or "US") and Australia. Non-hazardous, hazardous waste, and water consumption data cover our Malaysia facility and USA operations.

Throughout this report, references to Grand Banks yachts pertain to the Grand Banks, Eastbay, and Palm Beach brands.

Exclusions

Unless explicitly stated otherwise, this report does not cover the ESG performance of vendors and suppliers within our extensive value chain. We lack control over or access to their ESG data. Nonetheless, our primary suppliers independently conduct sustainability self-assessments, and the outcomes of these assessments are integrated into this report.

Restatements

There are no restatements of prior years' data in this report.

Assurance

Grand Banks has utilised internal verification mechanisms to ensure the quality and accuracy of the data. However, external assurance has not been sought for the sustainability information presented in this report. For the current reporting period, we have completed an internal audit review on sustainability reporting processes.

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.

SUSTAINABILITY REPORT 2023

PERFORMANCE HIGHLIGHTS

ESG FACTORS	ESG PERFORMANCE (FY ended on 30 June)[1] FY2021	FY2022	FY2023
ENVIRONMENTAL			
CO_2 emissions (t)	1,743	1,732	2,252
Carbon emission intensity per labour hour (kgCO_2)	1.6	1.6	1.5
Electricity consumption (kWh)	2,814,495	2,730,591	3,804,073
Energy intensity per labour hour (MJ[2])	11.6	11.8	10.9
Water consumption (ML)	32	42	61
Water consumption per labour hour	0.03	0.04	0.04
Non-hazardous waste (t)	1,966	1,731	2,199
Non-hazardous waste per labour hour (kg)	1.8	1.6	1.5
Hazardous waste (t)	37	67	68
SOCIAL			
Employees			
Number of full-time employees	710	762	880
Direct employees (Production Workers)[3]	81.0%	81.0%	84.0%
New hires	92	128	205
Hiring Rate	13%	17%	23%
Female employees (Office functions)	23.3%	23.7%	24.6%
Average training hours per employee (Female)	5.7	11.4	3.8
Average training hours per employee (Male)	4.6	7.0	3.5
Employee turnover rate	11.0%	11.6%	17.8%
Fatal accidents	0	0	0
Suppliers			
Share of local suppliers as % of total purchase value	65.4%	69.0%	67.5%

SUSTAINABILITY REPORT 2023

ESG PERFORMANCE (FY ended on 30 June)[1]			
ESG FACTORS	FY2021	FY2022	FY2023
GOVERNANCE			
Incidents of corruption and bribery	Zero	Zero	Zero
Incidents of non-compliance with product safety requirements	Zero	Zero	Zero
Incidents of personal data security breach	Zero	Zero	Zero
FINANCIAL ($m)			
Revenue	96.1	75.2	114.2
Net profit	4.2	4.0	10.1
Employee wages and benefits	26.6	26.4	31.3
Dividends paid/declared to shareholders	0.9	0.9	1.8

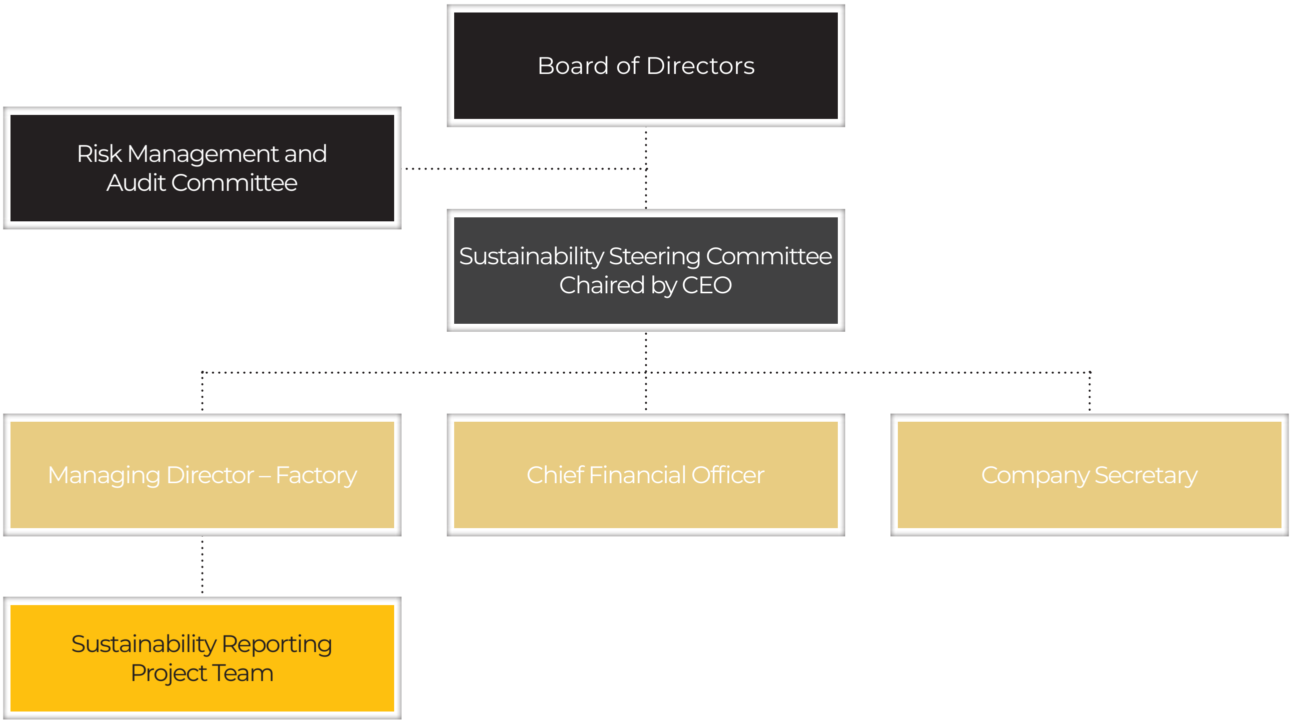
Notes:

1) *FY2021: 1 July 2020 to 30 June 2021, FY2022: 1 July 2021 to 30 June 2022, FY2023: 1 July 2022 to 30 June 2023.*
2) *Energy data refers to electricity, diesel, and petrol consumption.*
3) *Figures cover operations in Malaysia and USA and include Australia from FY2023.*
4) *Absolute figures for energy, emissions, waste and water are higher in FY2023 compared to prior years due to increase in production.*

SUSTAINABILITY REPORT 2023

SUSTAINABILITY GOVERNANCE

At Grand Banks, we recognise the significance of prioritising sustainability within our business operations, as well as the necessity of measuring and monitoring our impact on social and environmental issues and risks and opportunities presented by a range of sustainability issues. The management of sustainability topics is seamlessly integrated into our corporate governance structure, where the Board of Directors assumes oversight of both the management and implementation of sustainability strategies. The Board takes an active role in promoting sustainability and collaborates closely with senior management to formulate strategies, policies, objectives, and targets that underpin the sustainable growth of our business. Furthermore, the Board provides overarching guidance for the company's sustainability strategy and the preparation of our sustainability report.



The Board's Risk Management and Audit Committee ("RMAC") bears formal responsibility for the management of ESG issues, as well as sustainability reporting. Regular updates on Grand Banks' ongoing ESG activities and performance are provided to the entire Board.

The Sustainability Steering Committee ("SSC"), chaired by the Chief Executive Officer, supports both the Board and the RMAC. The SSC functions as the central coordinating body for the implementation of sustainability policy, strategy, and reporting. Under the oversight of the Board, the SSC reviews, assesses, and determines the sustainability context, material factors, scope, boundary, completeness, and prioritisation of the issues for reporting.

A dedicated Sustainability Reporting Project Team ("RPT") is responsible for collecting and verifying ESG data for reporting purposes. This team includes representatives from key departments and functions.

Sustainability activities are managed at both the functional and operational levels across the organisation. For further details on our governance structure, please refer to the Corporate Governance chapter in this Annual Report.

SUSTAINABILITY REPORT 2023

BOARD STATEMENT

The Grand Banks Board maintains the utmost standards of professional conduct, accountability, and transparency and remains committed to ethical business practices, social responsibility, and environmental stewardship. With direct oversight of corporate affairs, risk management, and strategic decision-making processes, the Board is committed to generating sustainable value for all stakeholders by effectively governing the economic, environmental, and social aspects of the business.

With the support of the SSC, the Board takes sustainability issues into consideration when shaping its strategy, identifies the material ESG factors, considers sustainability-related risks and opportunities, and provides oversight for their management. The Board values relationships with all stakeholders and encourages input from shareholders, customers, employees, and partners to ensure that Grand Banks' business strategies align with their expectations.

This sustainability report elaborates on how Grand Banks addresses its significant ESG impacts, risks, and opportunities, aiming to create positive value for our stakeholders while contributing to sustainable development. The Board has reviewed and endorsed this sustainability report.

SUSTAINABILITY REPORT 2023

KEY HIGHLIGHTS FROM FY2023

GOVERNANCE
Singapore Governance and Transparency Index 2023

Ranked #120, a significant leap from #208 in 2022.

ENVIRONMENT
Renewable Electricity

Solar PV system to meet 40% of electricity needs at Malaysia facility.

PEOPLE
Health, Safety and Well-being

Zero incidents of serious workplace injuries.

Continued record of zero fatalities across factories.

ENVIRONMENT

Carbon emissions intensity ($kgCO_2$/Labour Hour) reduced by 35% from FY2015 level.

MARKETPLACE
Solar Power for Yachts

Onboard solar panels and lithium batteries to reduce Greenhouse Gas ("GHG") emissions.

ECONOMIC PERFORMANCE

8th consecutive year of profitability, highest in 10 years.

Declared final dividend.

SUSTAINABILITY STRATEGY

Our sustainability strategy focuses on managing our material environmental, social and governance impacts, risks, and opportunities. We strive to create value across our value chain and stakeholders by minimising ESG risks and maximising our contribution to sustainable development. We track and communicate our progress against a range of material ESG targets.

Our sustainability initiatives cover the following five strategic pillars:

Governance: Leading by Principles
At Grand Banks Yachts, we are committed to upholding the highest standards of corporate governance. We aim to foster transparency, accountability, and ethical decision-making throughout our operations. Our goals include establishing a diverse and knowledgeable board of directors, implementing robust risk management practices, and regularly engaging with stakeholders to ensure alignment with our principles.

SUSTAINABILITY REPORT 2023

Marketplace: Operating Responsibly
Operating responsibly within the marketplace is a priority for Grand Banks Yachts. We are focused on maintaining fair business practices, ensuring the highest quality standards, product innovation, product safety, and promoting ethical engagement with partners and customers. We foster engagement and transparent communication to build trust within the marketplace.

People: Empowering for Performance
Empowering our colleagues is a cornerstone of our human resources strategy. At Grand Banks Yachts, we foster a culture of inclusivity, professional growth, and well-being. Our goals encompass providing ongoing skill development opportunities, promoting work-life balance, and enhancing employee engagement through open communication channels.

Environment: Protecting the Planet
At Grand Banks Yachts, we strive for environmental stewardship and minimise our environmental footprint. Our objectives include enhancing energy efficiency and reducing carbon emissions in our manufacturing processes, sourcing sustainable materials, and reducing waste through improved recycling and resource management.

Community: Contributing Positively
At Grand Banks Yachts, we support local communities by actively engaging in initiatives that support social welfare. Our objectives involve establishing trusted relationship with local organisations, encouraging employee volunteering, and contributing to community welfare.

SUSTAINABILITY POLICIES

Sustainability is embedded into our business model reflected in our strategic sustainability framework, supported by clear policies, goals and objectives. A summary of our sustainability policies covering key topics is provided below.

Energy
At Grand Banks, we are committed to reducing our energy consumption and transitioning towards renewable sources. We aim to improve the efficiency of our operations by implementing energy-saving measures and promoting a culture of responsible energy use among our employees. We believe implementing energy efficiency policies reduces operational costs, cuts carbon footprint, and enhances long-term resource sustainability.

GHG Emissions
We recognise the importance of addressing GHG emissions to mitigate climate change. Grand Banks is committed to assessing climate-related risks and opportunities, setting emission reduction targets, monitoring our emissions regularly, and implementing measures to reduce our operational carbon emissions. We believe targeting greenhouse gas emissions reduction mitigates climate change, improves air quality, and safeguards the planet for future generations.

Waste Management
Grand Banks is committed to responsible waste management practices that prioritise waste reduction, recycling, and proper disposal. Our policy is to minimise waste in our operations by encouraging recycling, reusing materials, and complying with all relevant waste disposal regulations. We believe effective waste management policies minimise environmental pollution, conserve resources, and promote circular economy practices.

SUSTAINABILITY REPORT 2023

Talent Management

At Grand Banks, we recognise that our employees are our most valuable asset and aim to foster a culture of continuous growth and development. Our human resources policy is committed to attracting, retaining, and nurturing talent by providing equal opportunities, clear career paths, ongoing skill enhancement, and regular performance feedback. We aim to create a diverse and inclusive workplace that empowers individuals to reach their fullest potential, while aligning their goals with the company's objectives. We aspire to cultivate a high-performance environment where innovation, collaboration, and excellence thrive, ensuring the long-term success of both our employees and the organisation.

Occupational Health and Safety

The safety and well-being of our employees are paramount. We strive to maintain a safe and healthy work environment by implementing rigorous occupational health and safety standards, providing ongoing training, and fostering a culture where everyone feels empowered to raise safety concerns. We comply with all applicable laws and regulations related to workplace safety, and continuously work to identify and eliminate hazards to ensure the physical and mental well-being of our workforce. Our occupational health and safety policy aims to create a safer work environment, boost employee morale, and decrease healthcare expenses.

Anti-Corruption

At Grand Banks, we operate with the highest standards of integrity and ethics. We have a zero-tolerance policy for corruption, bribery, and fraud in any form. Our anti-corruption policy aims to foster transparent and ethical business practices and build stakeholder trust. Our employees, partners, and stakeholders are expected to adhere to strict anti-corruption guidelines. Our measures include robust measures to prevent corruption, including regular training, transparent financial practices, and clear reporting channels for any suspicions or violations.

Human Rights

Respecting human rights is fundamental to our business. Grand Banks is committed to treating all individuals with dignity and respect, both within our organisation and across our value chain. We do not tolerate any form of discrimination, forced labor, child labor, or other human rights abuses. We respect our employees' right to freedom of association in accordance with local regulations. We promote diversity, inclusion, fair labor practices, and uphold the principles outlined in international human rights conventions. We aim to work with partners who share our commitment to human rights and will conduct due diligence to ensure our operations do not infringe on the rights of individuals or communities.

We are committed to addressing and remedying any grievance related to human rights concerns promptly and fairly. Our employees and stakeholders can use our Whistleblowing channels or approach the Human Resources Manager, their managers and senior management to raise their concerns relating to human rights.

Personal Data Protection

At Grand Banks Yachts, we place a strong emphasis on safeguarding personal data.

We understand the critical importance of protecting individuals' private information and ensuring its confidentiality and security. Therefore, we are fully committed to maintaining the privacy and security of the information entrusted to us by our customers and stakeholders. We have implemented measures to prevent unauthorised access, maintain data accuracy, and ensure responsible handling of personal data. We are committed to complying with applicable privacy regulations where we operate.

SUSTAINABILITY REPORT 2023

Regulatory Compliance

Grand Banks is committed to upholding legal and regulatory standards in all aspects of our business. We believe adhering to regulations ensures business continuity, avoids legal penalties, and maintains a positive reputation in the market. We ensure that our operations, products, and services meet or exceed the requirements of relevant laws and regulations in the jurisdiction where we operate. Our commitment to regulatory compliance extends to environmental, labor, health, safety, and other relevant areas. We monitor changes in regulations and adapt our practices accordingly to always remain compliant.

Sustainability Reporting

At Grand Banks, our sustainability reporting policy underscores our commitment to transparently communicate our ESG performance through our annual sustainability reports. We adhere to recognised reporting standards and regulatory requirements to identify, measure and report our ESG impacts, risks, and opportunities. Our policy ensures the accurate disclosure of our sustainability progress, targets, and initiatives, fostering trust among stakeholders, driving continuous improvement, and building a resilient organisation.

Our sustainability reporting is supported by a periodic materiality assessment process designed to identify, assess, prioritise, and report on the most significant sustainability impacts, including risks and opportunities. We actively engage with a diverse range of stakeholders, including employees, customers, suppliers, and investors to understand their concerns and expectations regarding ESG issues within the context of our operations, products, and services. Our ongoing assessment of the potential and actual impacts of our business, as well as the associated risks and opportunities, enables us to prioritise the most significant ESG topics. We set short, mid, and long-term targets to effectively measure and monitor our sustainability performance. Management is responsible for ensuring the accuracy of sustainability performance data being reported.

STAKEHOLDERS

Understanding the perspectives and concerns of our stakeholders is essential for making informed decisions throughout our business operations and shaping our strategic priorities. We maintain regular engagement with our stakeholders as we work towards achieving our corporate goals.

Our stakeholders encompass individuals and groups who are impacted by Grand Banks' activities or have the potential to influence our operational and financial performance. Our key stakeholders include customers, employees, suppliers, contractors, governments, regulators, shareholders, investors, industry peers, NGOs, and the media.

The following table provides a summary of our stakeholder engagement approach, outlining the platforms and channels we utilize for meaningful dialogue.

Stakeholder Groups	Stakeholder expectations	Our engagement channels	Our response
Customers	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.

SUSTAINABILITY REPORT 2023

Stakeholder Groups	Stakeholder expectations	Our engagement channels	Our response
Employees	Safe working conditions and a culture that promotes employee well-being, 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-togethers (COVID-19 restrictions permitting). Annual appraisal exercise.	Continuing to implement safe management measures for the health, safety, and well-being 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.
Shareholders and Investors	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.
Suppliers, Consultants and Contractors	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.
Government and Regulators	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.

SUSTAINABILITY REPORT 2023

Stakeholder Groups	Stakeholder expectations	Our engagement channels	Our response
Community and NGOs	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.
Industry Peers	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.
Analysts	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.
Media	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.

Membership Associations

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 (USA)
- Boating Industries Alliance Australia
- International Yacht Brokers Association

SUSTAINABILITY REPORT 2023

MATERIALITY ASSESSMENT

We follow the GRI Standards to identify, assess and prioritise material environmental, social and governance issues for reporting. Topics material to the Grand Banks Group include those representing our significant environmental, social and governance impacts, risks, and opportunities, or those which substantively influence the assessments and decisions of stakeholders.

Our materiality assessment process involves an ongoing review of ESG factors to identify the most significant topics for reporting. When reviewing materiality of ESG topics, we consider the concerns and expectations of stakeholders, including employees, customers, suppliers, investors, and industry experts. We also take into account the potential risks and opportunities, and their potential impact on our business performance. Our materiality review prioritises the ESG topics that matter most to our stakeholders and contribute to our long-term sustainability goals.

The SSC reviews our material topics every year, and the Board's approval is obtained for inclusion in the sustainability report.

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

In FY2023, we reviewed 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 environmental topics reported in the FY2022 Sustainability Report remain valid and relevant. We have consolidated employment, employee turnover and well-being issues into a single topic 'Talent Management' to enhance clarity of our communication on the importance of attracting and retaining talent. We have removed economic performance as a material ESG factor which is presented in sufficient details in the financial statements. Overall, we have aligned the GRI Content Index to reflect the changes in the updated GRI Standards 2021. Although not prioritised as material topics, we continue to include the following topics as important topics for reporting: diversity, human rights, training, sustainable procurement, and indirect economic impact to share our efforts in these areas.

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 2023

Our material ESG topics for FY2023 are outlined in the following table.

Material Topics	Impact's Materiality	Our Approach
ENVIRONMENT		
Energy	Manufacturing operations and product use by customers.	Strive to constantly reduce our energy intensity, explore renewable energy 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 lower GHG emissions.
Waste	Manufacturing operations.	Reduce, reuse, and recycle waste.
SOCIAL		
Talent Management	Human Resources Management.	• Build a high-performing organisation. • Non-discrimination. • Implement policies that help maintain above industry-average retention rate.
Occupational Health and Safety	Manufacturing operations.	Maintain a zero-accident workplace.
GOVERNANCE		
Anti-corruption and Bribery	Risk Management and Compliance.	Maintain zero-tolerance for fraud, bribery, and corruption.
Customer Health and Safety	Customers' safe use of our yachts.	Compliance with applicable product safety standards.

SUSTAINABILITY REPORT 2023

Supporting Sustainable Development

The United Nations' 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. These 17 SDGs aim to eradicate poverty, protect the planet, and ensure peace and prosperity for all 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
Energy	7.3 By 2030, double the global rate of improvement in energy efficiency. 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.	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
GHG Emissions	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	13 CLIMATE ACTION
Waste	12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse. 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABILITY REPORT 2023

ESG Factors	SDG Targets Supported	SDGs
Customer Health and Safety	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Anti-Corruption	16.5 Substantially reduce corruption and bribery in all their forms.	
	16.6 Develop effective, accountable, and transparent institutions at all levels.	
Talent Management	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.	8 DECENT WORK AND ECONOMIC GROWTH
Occupational Health and Safety	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.	3 GOOD HEALTH AND WELL-BEING

SUSTAINABILITY REPORT 2023

ENVIRONMENT

As a leader in the luxury yacht market, we view it as our responsibility to explore and implement strategies that minimise the environmental impact of our operations, boats, and services.

At Grand Banks, our primary environmental priorities include the construction of sturdier, lighter, and more energy-efficient yachts, reducing energy consumption both during production and customer usage, and mitigating carbon emissions and waste.

Material Factors and SDG Goals

- Energy
- GHG emissions
- Waste

The rationale for reducing our environmental footprint is evident, and there is a robust business case for doing so as well. Consumers are increasingly seeking sustainable and environmentally friendly lifestyle options, resulting in growing demand for more sustainable yachts, both from individual customers and charter companies. Additionally, regulations play a pivotal role, with new policies being introduced worldwide to curtail emissions in the maritime industry. These combined factors present compelling ethical and business reasons for managing our environmental impact.

In our efforts to reduce energy consumption and carbon emissions, we focus on optimising production processes, sourcing from local suppliers whenever feasible, and integrating maximum efficiency into our boat designs.

ENVIRONMENTAL TARGETS AND PERFORMANCE

Material Factor	FY2023 Target	FY2023 Performance	FY2024 Target
Energy Consumption	11.5 megajoules per labour hour	10.9 megajoules per labour hour	<11.5 megajoules per labour hour
Greenhouse Gas Emissions (CO_2)	1.5 kgCO_2 per labour hour	1.5 kgCO_2 per labour hour	1.5 kgCO_2 per labour hour
Non-hazardous Waste	1.6 kg/labour hour	1.5 kg/labour hour	<1.6 kg/labour hour

SUSTAINABILITY REPORT 2023

Reducing Environmental Impact

We constantly look for opportunities to modify our design and production processes to mitigate the environmental impacts of our yachts. Here are some specific examples of the measures we are implementing at Grand Banks to make our boats better:

Material Substitution

- We are replacing fibreglass with carbon fibre wherever possible to create lighter and more durable yachts, while also reducing the quantity of materials used. Lighter yachts move faster, consume less fuel, and are more energy efficient.
- We are using synthetic boat-building materials in place of teak used conventionally to build boats. Synthetic teak doesn't require varnishing but needs painting and offers more flexibility during construction and fitting. It also helps in reducing deforestation and lowering maintenance for boat owners.
- We have transitioned to lithium batteries for all our yachts. Despite being more expensive, these batteries are more environmentally friendly as they are more efficient to charge, easy to dispose of, and have a higher energy density than traditional marine batteries.
- We are replacing non-renewable materials like teak where possible with renewable materials such as composites and fabrics.

Innovative Construction

- We are adopting sandwich-cored hulls (using the vacuum infusion technique) instead of solid laminate hulls. This method uses less resin (thus producing fewer fumes), resulting in lighter and stronger boats due to the combination of lightweight, sturdy materials with layers of fibreglass. Lighter and stronger boats require less fuel to operate.
- We have developed a high-performing and energy-efficient proprietary V-Warp Hull Design for improved performance and fuel efficiency.

Engine Upgrades

- We are replacing conventional Straight Shaft inboard engines with Pod Drive engines, which are quieter, have less vibration, and are 10%-30% more fuel-efficient. They are also easier to operate and enhance the overall customer experience.
- We are installing lower-emission generators and engines on board our yachts to comply with the latest emission standards.

Innovative Resin Infusion Process

- We are developing a unique approach to reduce our resin usage, ensuring a safer process that contributes to the well-being of our employees. This approach also allows us to better control styrene emissions, safeguarding the atmosphere and the environment.

Standardisation Initiatives

- We are establishing uniformity in the components used across various yacht models, streamlining production, increasing manufacturing efficiency, and reducing costs.

Solar Panel on Yachts

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 enable batteries to be charged by a pair of 300-watt solar panels on the hardtop's roof. This keeps onboard refrigeration operable without reliance on onshore power or generators.

Please read more about how we are powering our yachts with solar energy and lithium batteries in the Marketplace chapter of this Report.

SUSTAINABILITY REPORT 2023

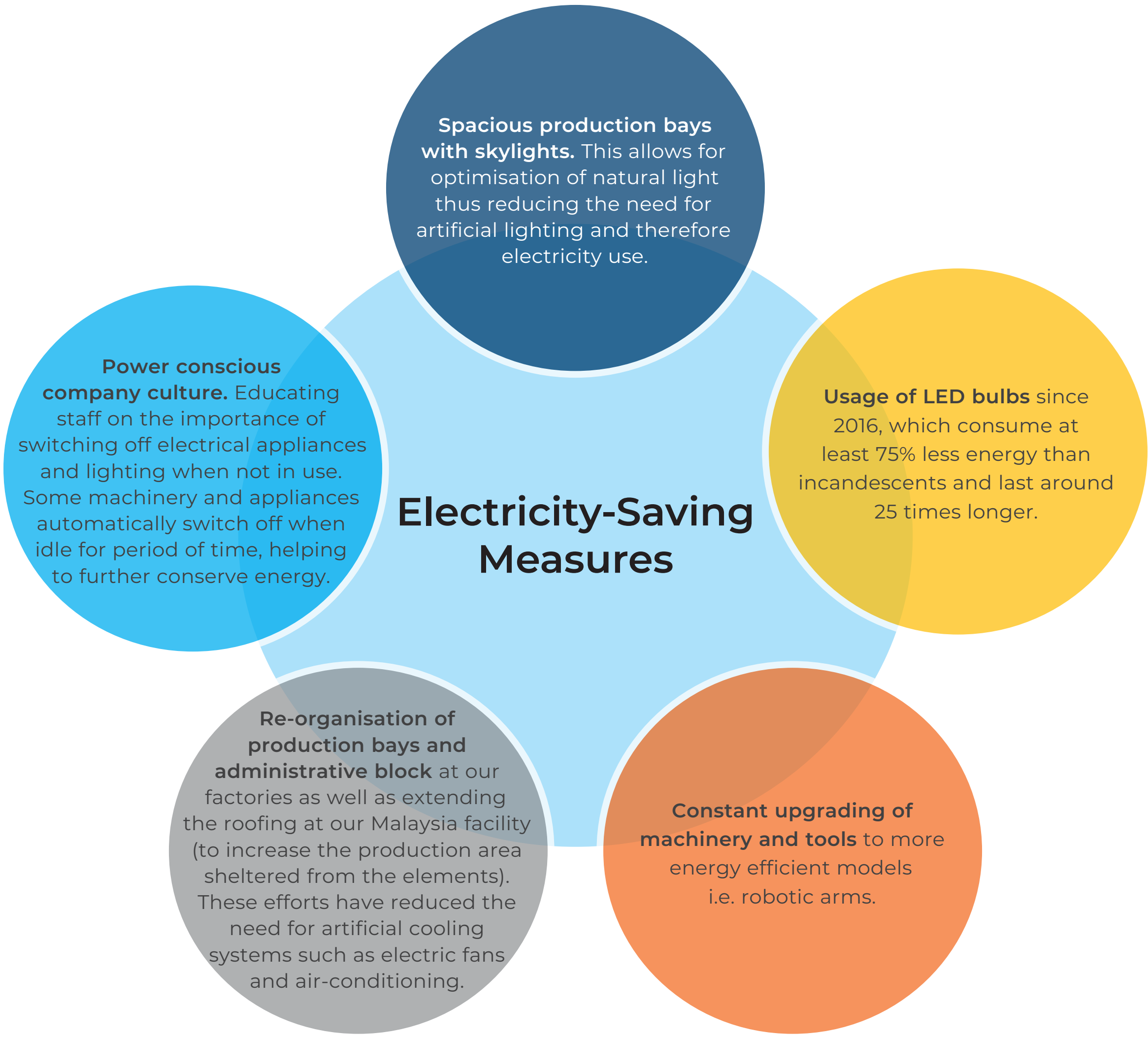
Energy

Energy efficiency in our manufacturing operations is crucial for multiple reasons. Firstly, it reduces operational costs by minimising energy consumption, directly impacting the bottom line. Secondly, it contributes to environmental sustainability by lowering greenhouse gas emissions. Finally, improved energy efficiency enhances our competitiveness and resilience in the face of volatile energy prices and regulatory pressures.

Therefore, we are fully committed to making our manufacturing processes more energy-efficient by actively seeking new, innovative technologies to help reduce or optimise our energy consumption. For instance, we started using a robotic arm in the mold making process, which saves time and enhances productivity. Employing robots improves our precision, reducing material waste, and enhancing worker safety as well.

In FY2023, our total electricity consumption was 3.80 million kWh as compared with 2.73 million kWh in the previous year. Absolute energy consumption was higher in FY2023 owing to increased production. However, energy intensity was 10.9 megajoules (MJ) per labour hour in FY2023 compared with 11.8 MJ per labour hour in FY2022.

Here are some of the ways in which we actively reduce energy consumption:



SUSTAINABILITY REPORT 2023

Renewable Electricity

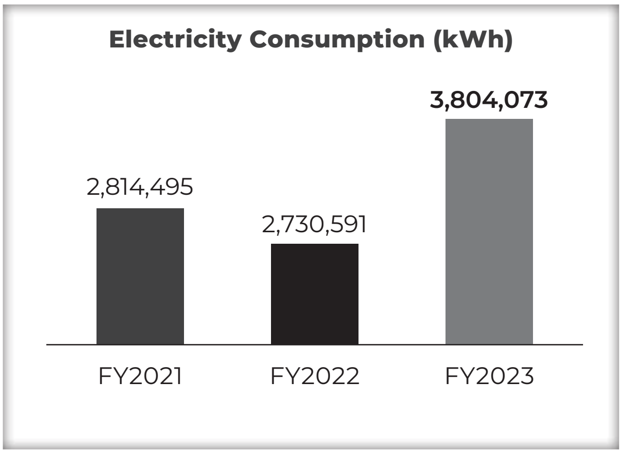
Purchased electricity accounts for approximately 84% of our combined scope 1 and scope 2 GHG emissions. Therefore, our goal is to maximise use of renewable electricity to reduce our carbon footprint.

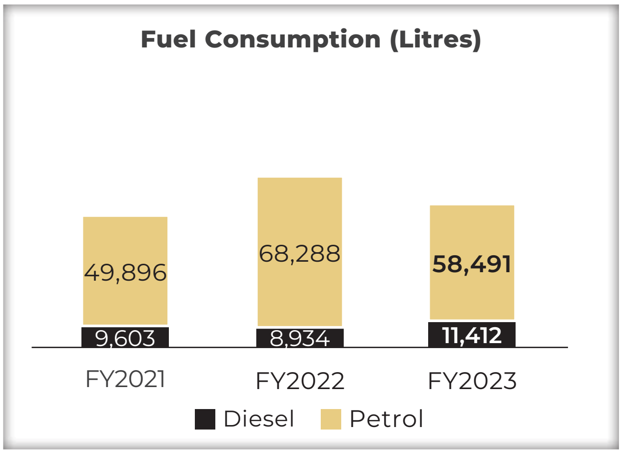
We have firmed up plans to install rooftop solar photovoltaic (PV) panels at our Malaysia facility in partnership with a renewable energy company to generate about 1.29 million kWh of solar power. The panels with an estimated capacity of 1,214kWp will help reduce 0.97 million kg of carbon dioxide (CO_2) annually and meet about 40% of our electricity needs. The solar PV system is also expected to save us an estimated RM0.53 million in yearly energy costs. The project is expected to be operational by June 2024.

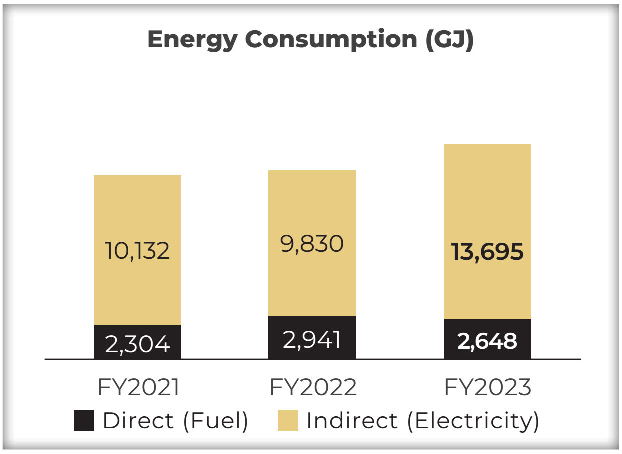
Fuel

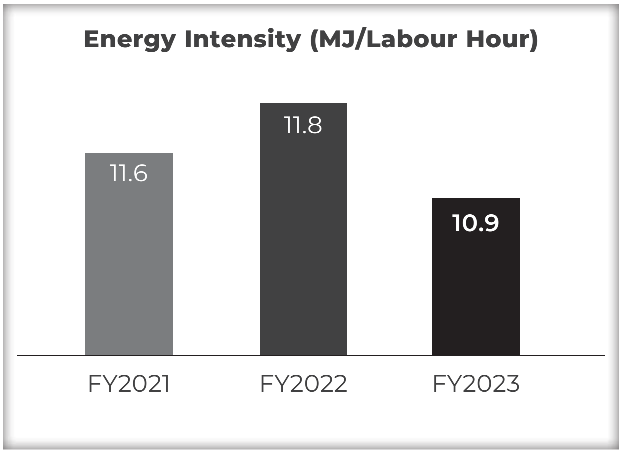
We use fuel for both testing our yachts and transporting our vessels to clients. Fuel is also used by our customers to power their boats. Our ongoing objective involves enhancing fuel efficiency by crafting swifter, lighter yachts through inventive concepts and materials. We consistently investigate avenues to re-engineer our production methods and overall supply network, aiming to minimise the environmental footprint of our boats.

In our operations, we monitor diesel and petrol consumption and make efforts to reduce the usage.









SUSTAINABILITY REPORT 2023

Waste

Minimising waste in our boat manufacturing processes is vital to lessen the environmental impact by conserving resources and reducing pollution. Reducing waste also improves operational efficiency and cost-effectiveness.

To enhance waste management, we prioritise material recycling when feasible and collaborate with licensed third-party contractors for safe disposal. Our non-hazardous waste comprises packaging, rags, paper, plastic, glass, rubber, and metal, all recycled in line with local regulations and facilities. We recycle these according to local regulations and available facilities.

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. These contractors collect, treat, and dispose of waste in compliance with local regulations.

Acetone Recovery

At our Malaysian facility, we recycle approximately 70% of acetone, employed as a solvent to cleanse equipment utilised in the production of fibreglass reinforced plastic items. Employing a distillation process involving heating the spent acetone, capturing the vapour, and subsequently cooling it into liquid state allows us to isolate the acetone from waste components for reuse. This practice curbs the necessity of procuring approximately 5.4 tonnes of fresh acetone annually, resulting in nearly $4,000 in savings, alongside a reduction in waste disposal volume.

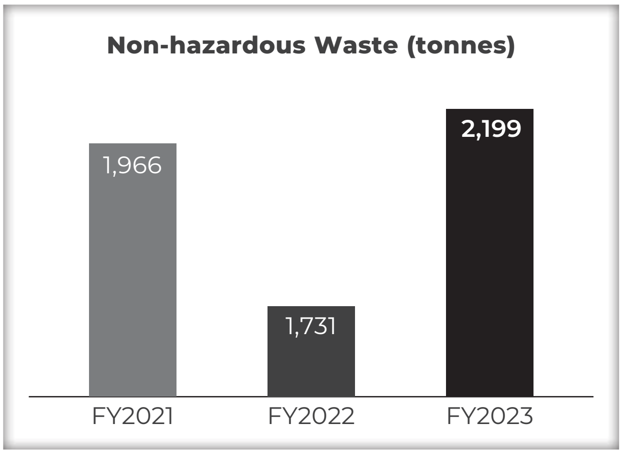
Recycling Polystyrene

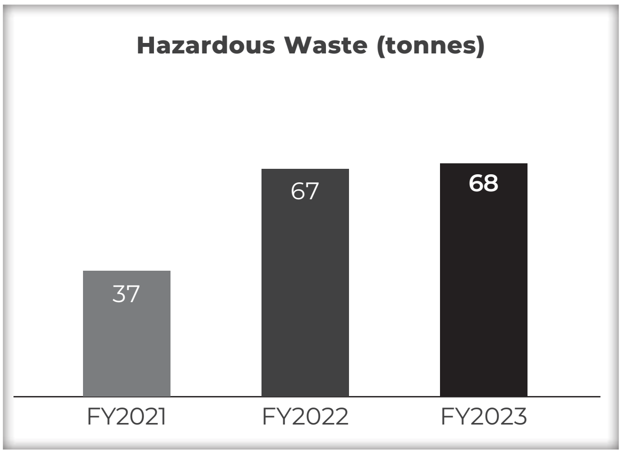
In line with our ongoing commitment to recycling materials, we introduced a recycling machine at our production facilities in 2019. After our Robotic CNC utilises the polystyrene and polyfoam sheets to create the moulds, we collect the leftover sheets and debris for recycling. Referred to as the EPS Compactor, the machine processes the waste polystyrene materials into small pieces and then compresses them into a tight EPS foam block. These blocks are subsequently converted into polystyrene pellets by third-party recycling contractors. The polystyrene pellets are then used in the manufacturing of various polystyrene mouldings and products employed in the F&B and construction industries. Importantly, we have generated revenue from the sale of these blocks to the recycling company.

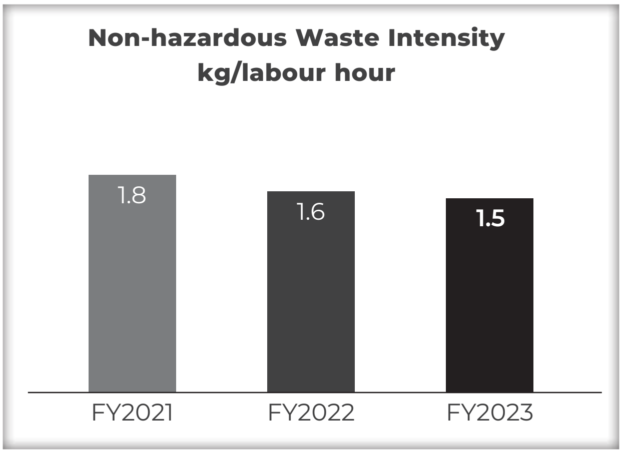
In FY2023, our production facilities and servicing operations generated 68 tonnes of hazardous waste. Our hazardous waste was slightly more than the FY2022 figure of 67 tonnes due to increased production. Our non-hazardous waste in FY2023 was 2,199 tonnes, higher from the FY2022 figure of 1,731 tonnes, similarly due to higher production. Non-hazardous waste per labour hour (kg) dropped from 1.6 in FY2022 to 1.5 in FY2023.

We aim to maximise waste recycling to minimise our environmental footprint. During FY2023, our production facilities recycled 67.3 tonnes of waste off-site, while also recycling 3.5 tonnes of waste on-site. The absolute amount of waste was higher than in prior years owing to higher production activity in FY2023. However, non-hazardous waste per labour hour, a key performance metric to measure our waste performance, was lower at 1.5 kg/labour hour, below our target of 1.6 kg/labour hour in FY2022.

SUSTAINABILITY REPORT 2023





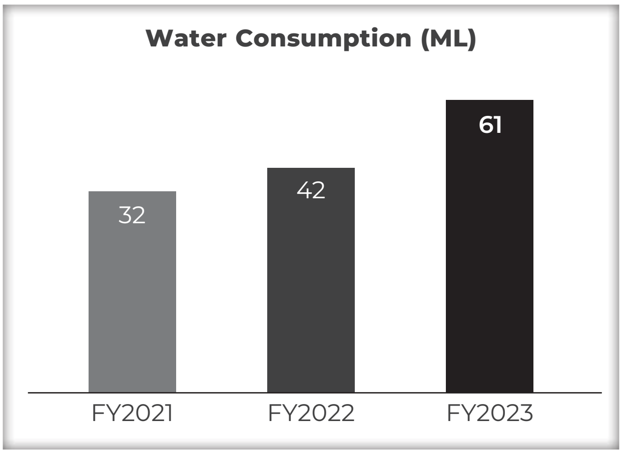


Note: Non-hazardous, hazardous waste, and water consumption data cover our Malaysia facility and USA operations. Waste data for Australia has been added from FY2023.

Water

The primary usage of water at Grand Banks is for drinking and flushing, product testing, and industrial washing. Consequently, water consumption remains relatively modest. Nonetheless, we consistently promote water preservation throughout our operations by means of internal campaigns and initiatives. For instance, water is recycled instead of being replenished for each new test in the testing pool at our Malaysian facility. This practice allows us to conserve an average of 100 gallons of water per boat. In our US operations, runoff water resulting from power washing is treated using an innovative filtration system prior to its discharge into the river.

SUSTAINABILITY REPORT 2023



Environmental improvements in our operations

Going digital with our marketing collateral
Whenever possible and practical, we have eliminated all printed advertising and communication materials from our global marketing activity to reduce our environmental impact. This includes all of our yacht drawings and designs.

Covered and green spaces at our facilities
We have invested in more roofing to increase the covered spaces at our Malaysian facility which 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.

TCFD REPORT

This is the second year we are reporting on our progressive alignment with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations to provide useful information to our stakeholders on how we are approaching climate-related risks and opportunities for our business. Our climate reporting is structured around four thematic areas – governance, strategy, risk management, and metrics and targets, in line with the TCFD Recommendations.

Governance

Board Responsibility
At Grand Banks, the Board is responsible for overseeing climate-related risks and opportunities, integrating them into the organisation's strategic decisions and risk management processes. It oversees the identification, assessment, and management of climate-related risks and opportunities, considering both physical and transition risks. The Board's responsibilities include reviewing climate-related risks and opportunities, approving climate-related risk management, strategies, and metrics and targets, approving TCFD reporting and aligning governance with long-term climate resilience. The Board's oversight of climate issues is part of its broader governance of material sustainability issues, impacts, risks, and opportunities. The Board reviews and approves sustainability reporting and the TCFD disclosures.

SUSTAINABILITY REPORT 2023

Management Responsibility

Management is responsible for identifying and assessing climate-related risks and opportunities, addressing physical impacts and transitional changes. Management integrates climate considerations into risk management framework and ensures appropriate strategies are in place to mitigate identified risks. Management is responsible for conducting scenario analyses to evaluate potential climate-related impacts on the Grand Banks operations, financial performance, and resilience. This includes assessing how different climate scenarios could impact our business model, and adjust strategies, aligning with long-term sustainability goals. Management establishes and monitors climate-related key performance indicators (KPIs) and metrics and accurate and consistent reporting of climate-related information, aligning with TCFD recommendations. Management ensures that the key executives have the necessary expertise and resources to effectively manage climate-related risks and opportunities by supporting training initiatives to enhance employees' understanding of climate-related issues.

Grand Banks' Sustainability Steering Committee (SSC), led by the Chief Executive Officer, provides support to both the Board and the Risk Management and Audit Committee. The SSC functions as the central coordinating entity for executing sustainability policy, strategy, and reporting. Under the Board's supervision, the SSC evaluates and decides on various sustainability matters, encompassing climate-related actions and projects. To ensure accuracy, a Sustainability Reporting Project Team (RPT) is established, consisting of members from relevant departments. This team collects and validates ESG data essential for sustainability reporting.

Strategy

Climate change directly threatens our oceans – the very environment where our yachts belong and the one our customers and we care deeply about. Rising sea temperatures harm marine life, causing issues like coral bleaching, fish movement, and wetland loss. As carbon dioxide levels increase in the air, oceans absorb more, which worsens acidification and damages marine ecosystems. As a leading lifestyle yacht manufacturer, it is crucial for us to cut down on greenhouse gas emissions and strengthen our ability to deal with climate change's effects.

Our approach is to understand and evaluate the risks and opportunities arising from climate change and their potential financial impact on our business. We are also exploring ways to lower our impact on the environment. Our approach focuses on making our operations more efficient through technology, automation, better equipment, and developing fuel-efficient products. We are investing in research and development aimed at designing and making yachts that use less fuel and exploring the use of solar power to complement boat's energy needs. In our value chain, we have been engaging our key suppliers to understand their sustainability performance through annual assessment surveys.

We have embarked on conducting climate scenario analysis to develop our understanding of climate risks and opportunities which will help us establish appropriate targets and set a range of mitigation and adaptation measures.

Risk Management

The Board and the Management are committed to constantly developing our understanding of climate-related risks as part of our enterprise risk management. The Board's Risk Management and Audit Committee examines the adequacy and effectiveness of internal controls policies and procedures covering a range of risks including sustainability and climate risks. Aligned with the TCFD Recommendations, our climate risk management considers physical risks and transition risks.

SUSTAINABILITY REPORT 2023

Physical Risk

The physical risks of climate change result from the impacts of changing weather patterns, leading to more extreme weather events. There are two main types of these risks – acute and chronic. Acute physical risks are linked to sudden events like intensified extreme weather. Chronic physical risks refer to longer-term shifts in climate, such as rising sea levels or ongoing heatwaves. These physical risks can affect our business in various 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.

Rising sea levels and increased frequency of extreme weather events can put marinas and coastal infrastructure at risk. Climate-induced coastal hazards in the form of more frequent cyclones, typhoons, sea-level rise, flooding, and chronic erosion can seriously threaten the coastal ecosystem and the yacht activity.

Transitional Risk

Climate-related transition risks refer to the challenges and uncertainties that businesses, industries, and economies might face in navigating the shift towards a low-carbon future. These risks arise from the necessary transitions to mitigate the impacts of climate change, such as the move away from fossil fuels, adoption of renewable energy sources, and implementation of low carbon technologies. Transition risks can include policy and regulatory changes, changing consumer preferences, technological advancements, and market disruptions. Failing to adequately anticipate and address these risks might expose businesses to financial losses, stranded assets, and reputational damage.

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. Eco-conscious customers may demand yachts with minimal impact on the environment. More frequent extreme weather events may increase insurance costs for our customers.

Transition risks also present potential business opportunities. For example, there may be an increase in demand for more sustainable yachts. At Grand Banks, we are paying attention to design and production innovations. For example, we are driving 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.

Climate-related Risks for the Yachting Industry

Climate change poses wide ranging risks affecting various actors in the yachting industry. It is important for the industry, industry stakeholders, and policymakers to recognise and work together to address these potential impacts to ensure the sustainability and enjoyment of yachting activities.

We are monitoring the potential impacts of climate change on yachting. High-level climate risks for the larger yachting industry may include the following:

Rising Sea Levels: Rising global temperatures and melting ice sheets and glaciers and loss of ice mass from polar regions will cause sea levels to rise. Sea-level rise could lead to increased coastal erosion, submergence of low-lying coastal areas, and changing shoreline dynamics. Yachting destinations and marinas located in high-risk areas may experience infrastructure damage and require costly adaptations.

SUSTAINABILITY REPORT 2023

Extreme Weather Events: Rising global temperature can lead to more frequent and intense extreme weather events, such as hurricanes, storms, floods, and cyclones. These events can disrupt yachting activities, posing safety risks to boaters and damaging vessels, marinas, and coastal facilities.

Temperature Changes: Rising temperatures can lead to shifts in water temperatures, affecting marine life distribution and behavior. This could impact the availability of certain marine species, affecting fishing and wildlife observation opportunities that are often part of yachting experiences.

Policy and legal Changes: Governments and international organisations may implement stricter regulations to mitigate climate change. Regulatory interventions may include stricter emissions standards for boats, restrictions on fuel types, and guidelines for responsible boating practices. Yacht manufacturers may need to invest in new technologies to comply with these regulations.

Insurance Costs: As extreme weather events become more frequent and intense, insurance companies might adjust their policies and pricing, potentially increasing the cost of insuring yachts against damage or loss due to climate-related events.

Ocean Acidification: The ocean absorbs carbon dioxide from the atmosphere. This CO_2 mixes with the seawater and makes the ocean more acidic. Increased carbon dioxide levels in the atmosphere are not only warming the planet but also leading to higher levels of carbon dioxide in the oceans, causing ocean acidification, which may have negative effects on marine ecosystems, including coral reefs and marine life. Yachting enthusiasts often value pristine marine environments for their beauty and biodiversity, so the degradation of these ecosystems can impact their experience.

Shift in Yachting Destinations: Climate change may shift yachting activities away from traditional hubs to areas that are less affected by climate change. Traditional yachting hotspots might see decreased interest due to environmental concerns or changes in weather patterns.

Infrastructure Adaptation: Marinas and coastal facilities may need to invest in adaptation measures, such as building higher sea walls, floating infrastructure, and more resilient docking systems to withstand the effects of rising sea levels and extreme weather.

Socio-economic Impacts: Yachting is closely linked to the economies and cultures of coastal regions. Changes in yachting due to climate change could affect tourism, people's jobs, and traditional ways of life in these areas.

Assessing Climate-related Risks and Opportunities

A high-level description of climate risks for our business is described below. We are committed to conducting an in-depth scenario analysis during FY2024 to improve our understanding of potential climate risks.

SUSTAINABILITY REPORT 2023

Climate-Related Risks	
Risk Type	**Description**
Physical Risk	
Acute *Increased severity of extreme weather events such as cyclones and floods*	Higher flood risk can potentially damage our factories and disrupt operations resulting in loss of revenue. A higher risk of floods and cyclones can also increase our insurance costs.
Chronic *Changes in precipitation patterns and extreme variability in weather patterns* *Rising mean temperatures* *Rising sea levels*	A warming climate can increase thermal stress and health risks for our employees in production facilities. Rising temperatures will lead to longer dry spells and likely exacerbate water stress. This could result in higher water costs and water efficiency investments, and conservation in our factories to ensure water availability. Rising sea levels can affect yachting activity and damage infrastructures of marinas and popular boating destination.
Transition Risk	
Policy and Legal	Increasing regulations around climate reporting, higher energy efficiency requirements, and carbon tax could increase compliance costs.
Technology	The need to transition to new low-carbon technologies for building yachts could increase costs or render existing technologies obsolete.
Market	Rising energy prices could increase the overall cost of operating our factories. Changing customer preferences, such as demand for low-carbon yachts, could affect the demand if we are not able to meet customers' expectations.
Reputation	Carbon-intensive operations and lower ESG ratings can affect our corporate reputation.
Climate-Related Opportunities	
Resource Efficiency	Enhancing energy efficiency and water conservation in our operations can reduce costs. The saving could be substantial in a high energy price environment.
Energy Sources	Adopting renewable energy, such as solar power in our factories, could enhance our energy resilience and reduce our carbon footprint.
Products and Services	A range of climate-related opportunities exists for our businesses. Use of sustainable materials, enhanced energy efficiency and harnessing solar energy to produce low-carbon boats can boost our competitiveness in the market if the demand for green yachts gains momentum. There may also be a potential market for retrofitting older boats of customers with the more energy efficient equipment and features.

SUSTAINABILITY REPORT 2023

Metrics and Targets

We track our progress towards the targets across the material sustainability topics, including our operational GHG emissions. Our climate-related targets include GHG emissions, energy consumption and waste. Please see our GHG emissions performance below.

GHG Emissions

Our operational carbon footprint originates from the electricity and fuel we use to make our boats. Fuel is also used in our yachts throughout their operating life, although we do not currently include this is our own emissions calculations. To measure and share our carbon emissions, we follow the internationally recognised Greenhouse Gas ("GHG") Protocol guidelines. Currently, we report Scope 1 and Scope 2 emissions, which relate to our fuel usage 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.

In FY2023, our GHG emission intensity was 1.5 $kgCO_2$ per labour hour, meeting our target of 1.5 $kgCO_2$ per labour hour, and 35% lower than the intensity of 2.3 $kgCO_2$ per labour hour in 2015. The absolute emission figure in FY2023 was higher due to increased production. We are embarking on a rooftop solar PV project in our Malaysia which will help us reduce our absolute carbon emissions.

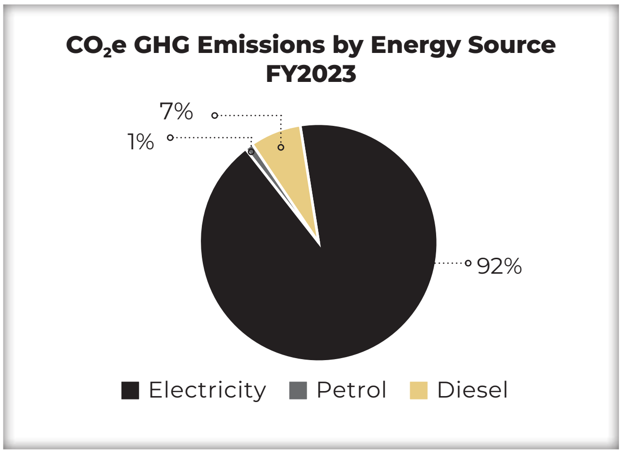
Carbon Emissions Summary			
		tCO_2	
Type of Emissions	**FY2021**	**FY2022**	**FY2023**
Direct (Scope 1) GHG emissions			
Mobile Combustion	156	203	183
Stationary Combustion	0	0	0
Total Scope 1 GHG emissions	**156**	**203**	**183**
Energy indirect (Scope 2) GHG emissions			
Purchased Electricity	1,587	1,529	2,069
Total Scope 1 and Scope 2 Carbon Emissions (tCO_2)	**1,743**	**1,732**	**2,252**

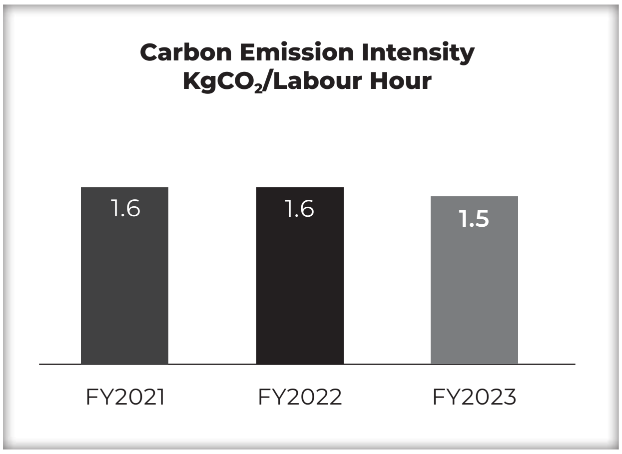
Note: We have included data from our operation in Australia in FY2022. The above emissions data thus covers all energy consumption in our Malaysia facility, the US, Australia, and the head office in Singapore.

SUSTAINABILITY REPORT 2023

CO_2 Emissions by Energy Source FY2023				
	tCO_2			
Emission Source	Singapore	Malaysia	USA	Australia
Electricity	6	1,791	268	4
Petrol	0	24	3	0
Diesel	0	152	3	1

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_2 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 2023

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, as well as customer care advisors and human resource colleagues, we stand united in our goal to delight our customers by offering high-quality luxury yachts and services. Our shared commitment is driven by three core values: customer centricity, a commitment to excellence, and an innovative spirit.

Material Factors and SDG Goals

- Talent Management
- Occupational Health and Safety

At Grand Banks, our inclusive work culture is deeply rooted in mutual respect and is dedicated to ensuring that every employee feels valued and embraced. Alongside our focus on diversity and inclusion, our comprehensive human resources ("HR") policies are designed to foster talent attraction and retention, nurture employee growth, uphold human rights, and maintain a secure, safe and healthy workplace. Our HR policies and procedures are guided by meritocratic principles, providing clear directives for recruitment, compensation, and benefits based on merit and fairness. Permanent employees enjoy a wide array of benefits, including leave schemes, insurance coverage, and medical benefits. Also, we actively implement initiatives to support our employees' work-life balance. Our senior management regularly assesses the effectiveness of our HR policies and performance, with detailed information available in the Employee Engagement and Employee Welfare sections of this chapter.

In FY2023, Grand Banks employed a total of 880 full-time employees across all operational areas, alongside 3 part-time employees. The majority of our workforce, 97%, consisted of permanent employees. Among our overall headcount in Malaysia, the USA and Australia, 84% were direct employees referred to as production workers. Throughout the reporting period, we engaged the services of 3 external workers who were under the control of Grand Banks, but not officially our employees. Additionally, we had 19 fixed-term contract employees and 6 temporary staff member at the conclusion of FY2023.

Our employees FY2023								
	Singapore		Malaysia		USA		Australia	
	Male	Female	Male	Female	Male	Female	Male	Female
No. of full-time employees	5	1	713	105	28	11	12	5
No. of part-time employees	1	2	0	0	0	0	0	0
No. of permanent employees	6	3	713	105	28	11	12	5
No. of temporary employees	0	0	0	2	0	0	1	3
No. of fixed-term contract employees	0	0	19	0	0	0	0	0

SUSTAINABILITY REPORT 2023

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 24.6% of staff employed in office-based jobs. This is an increase of 3.8% on the previous reporting period. Our production workers are predominantly male (88.2%), reflecting an industry trend due to the physically demanding nature of most tasks involved in boat construction.

New Hiring and Turnover

Attracting and retaining talent remains key focus at Grand Banks. During the financial year, the company hired 205 new employees across its operations. New hires comprised 34 women, constituting 17% of the overall hiring. Malaysia accounted for 86% (83%) of the new hires.

In FY2023, the employee turnover rate was 17.8% compared with 11.6% in the preceding financial year. During the year, 140 people left employment, including 17 female employees.

EMPLOYEE TURNOVER BY COUNTRY FY2023			
Country	Male	Female	Overall
Malaysia	17.6%	17.2%	17.5%
Singapore	0%	0%	0%
USA	35.3%	10.5%	28.6%
Australia	23.5%	0%	14.8%

EMPLOYEE TURNOVER RATE BY AGE GROUP FY2023	
Age Group	Turnover
Under 30 years old	11.9%
30-50 years old	3.6%
Over 50 years old	2.3%

TARGET AND PERFORMANCE			
Material Factor	FY2023 Target	FY2023 Performance	FY2024 Target
Employee turnover	Less than 20%	17.8 %	Less than 20%

SUSTAINABILITY REPORT 2023

Long Service Awards

Employees at our production facilities stay with us for an average of 8 years, which reflects their overall satisfaction and well-being, as well as the continued trust they place in Grand Banks as an employer. The longest employee service length is an impressive 55 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 FY2023:

- **5th year:** 55 employees
- **10th year:** 21 employees
- **15th year:** 3 employees
- **20th year:** 7 employees
- **25th year:** 13 employees
- **30th year:** 2 employees

Our long-serving employee stories: Mr. Samuel Henry Compton III

Mr. Compton III joined Grand Banks in April 2004 as a Senior Executive in the MEP department, specialising in the design, installation, and testing of new boat equipment and systems. Over the next 20 years, he diversified his experience by working in various departments, including marketing, sales, service, and eventually assuming the role of Managing Director of the Group, where he remains today. His journey within the company has been truly remarkable, as he has had the opportunity to work in every aspect of the business, from the factory floor to being a member of the executive management team. He has cherished every minute of his time at Grand Banks and eagerly anticipates many more fruitful years ahead. After a 4-year assignment in the USA, he has recently returned to Malaysia and is delighted to reunite with his Malaysian colleagues, where his journey with the company originally began.

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 FY2023, our employees received a total of 3,131 hours of training. Average training hours per male and female employee in FY2023 were 3.5 and 3.8 hours, respectively. Average training hours by employee category for the same period were as follows: senior executives (3.1), mid-level executives (2.8), executives (6.1) and production staff (4.0).

SUSTAINABILITY REPORT 2023

During FY2023, some of our training courses, workshops, seminars, and conferences provided to the employees included:

Malaysia
- OSHA Safety Training in The Workplace
- OSHA – Train the Trainer
- Forklift Safety Training
- Win-Win Purchasing Negotiation
- Solid Works Essential Training
- Quality Control Circle in Production Problem Solving
- New Hydraulic Hose Crimping Machine Briefing
- Anti Bribery/Corruption Prevention & Eradication of Sexual Harassment at the Workplace
- LHDN Taxation Seminar (Malaysian Employers Federation)
- New Customs Harmonised System (HS) Code 2022 (Federation of Malaysian Manufacturers Seminar)
- Effective & Efficient Payroll Management
- Document, Filing and Office Administration

USA
- Storm Water Inspection
- Hazardous Material Handling and Disposal
- Personal Protective Equipment Training
- Forklift Safety Training
- Marine Travel Lift Transporter Training
- Fire Safety Procedure and Muster Point Established Training

Australia
- Marine Craft Construction Tafe Course

Singapore
- Professional Development Course

Performance Management

Conducting fair and objective performance appraisals is crucial for fostering employee motivation, identifying areas for development, and ensuring equitable career advancement opportunities within the company.

At Grand Banks, we conduct annual performance reviews for all employees to identify their development needs, opportunities for skill enhancement, and acknowledge high performers. These evaluations are carried out in a fair, objective, and transparent manner. In FY2023, all employees participated in the annual performance appraisal process.

Employee Engagement

Employee engagement is key to making our business more productive, keeping people happy at work, and staying competitive. We believe that an engaged workforce is essential for achieving our business goals and ensuring high levels of employee well-being. 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.

SUSTAINABILITY REPORT 2023

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

Ensuring health and safety for employees at the workplace is crucial for fostering a productive environment, minimising legal liabilities, and safeguarding the well-being of our people. At Grand Banks, the health and safety of our employees are of paramount importance, especially in our factories where the risk factors are inherently higher compared to our office settings.

Regular inspections and safety assessments are conducted on our equipment, and we have instituted an occupational health and safety management system to cultivate a culture of safety throughout the company. This system mandates compliance from all employees and workers and aligns closely with both national laws and internationally recognised standards.

Safety Committee

The Grand Banks Health and Safety Committee, made up of both management and employee representatives, proactively tackles health and safety issues. It does so by routinely evaluating safety performance and scrutinising existing precautions.

Safety Measures

We provide our employees and workers with the necessary Personal Protective Equipment (“PPE”) while working within our facilities. The PPEs include, 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.

Periodic fire and emergency drills are conducted at our business premises. These drills are executed by our trained fire safety team and 19 certified first aiders, often in collaboration with officials from the local fire department. Additionally, our Malaysian production facility is equipped with a well-stocked first aid room and employs a full-time, qualified medical assistant.

Managing workplace hazards

Potential workplace hazards in our production processes 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.

In our manufacturing environment, other health and safety hazards include noise and dust generated from woodworking activities, the potential for workers’ limbs to be caught in moving machine parts, the risk of cuts from sharp edges on sawing machines and power tools, the possibility of electrical shocks, the potential for trips or falls, fire hazards and ergonomic injuries. To mitigate these risks, all machines are equipped with appropriate safety guards, and every employee is required to adhere to our Lock-Out-Tag-Out procedures.

Our sanding machines are equipped with attached dust extraction systems to minimize the release of dust into the air. Similarly, all of our other power tools are fitted with individual extraction units that capture and remove 90% of the dust and other contaminants produced during operation.

SUSTAINABILITY REPORT 2023

Injuries

In the event of any injuries, workers or their managers are required to file injury reports. Subsequently, we conduct thorough investigations into each incident to ascertain the underlying cause and implement preventive measures aimed at mitigating the risk of future incidents. The primary types of work-related injuries within our manufacturing facility comprise hand injuries and head injuries.

We identify work-related hazards that have the potential to lead to high-consequence injuries through processes such as Noise Risk Assessment, medical surveillance, and medical reports.

We are pleased to report that during FY2023, there were zero fatalities and no serious injuries. Our health and safety performance indicators for employees in the manufacturing facility in Malaysia are provided below:

Health and Safety Performance (Employees)			
	FY2021	FY2022	FY2023
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	11
Rate of recordable work-related injuries	0	0	7.3
Number of hours worked	1,036,093	986,425	1,506,200

Notes: Data covers our operation in Malaysia, USA, and Australia. The rates have been calculated 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. We did not employ workers who are not our employees in the reporting period.

TARGETS AND PERFORMANCE			
Material Factor	FY2023 Target	FY2023 Performance	FY2024 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

SUSTAINABILITY REPORT 2023

Employee Welfare

At Grand Banks, the well-being of our staff is of utmost importance. We provide a range of benefits to our employees, which include healthcare benefits, various forms of leave including parental leave, and additional perks that can also be extended to employees' family members. Eligible employees are also entitled to receive attendance allowance, housing allowance, and transport allowance.

We regularly organise activities for staff outside of work to promote team building, good working relationships and a healthy work-life balance. These activities include sports events, family days, festive gatherings, quarterly appreciation lunches, distribution of rice, cooking oil 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.

Human Rights

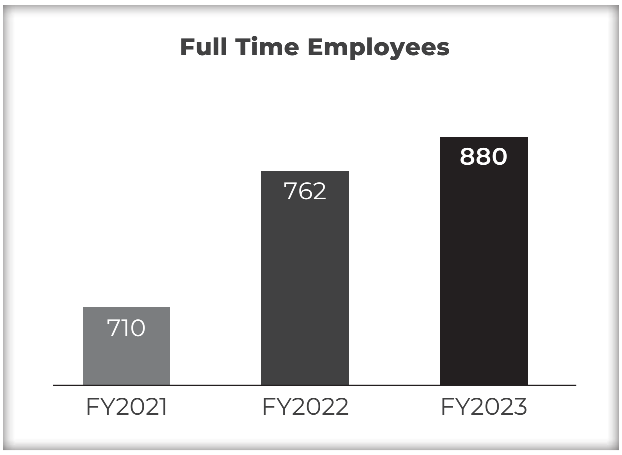
At Grand Banks, we recognise our responsibility to uphold human rights standards throughout our company, operations, and supply chain, as outlined in international conventions like the ILO Declaration on Fundamental Principles and Rights at Work.

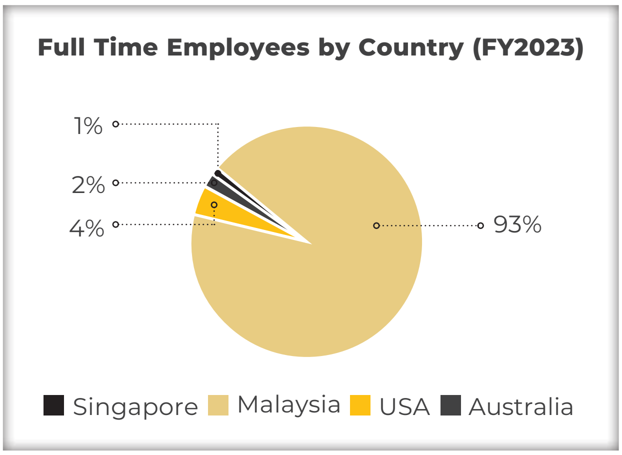
Our human rights policies prohibit practices such as child labour, forced labour, harassment, and discrimination. Our employees are entitled to exercise their freedom of association and engage in collective bargaining as per local laws. We ensure our employees are paid competitive salaries benchmarked against industry practice. Currently, our employees are not part of a collective bargaining agreement.

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 owing to our strict policies. 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, including incidences of discrimination, within Grand Banks during the reported period.

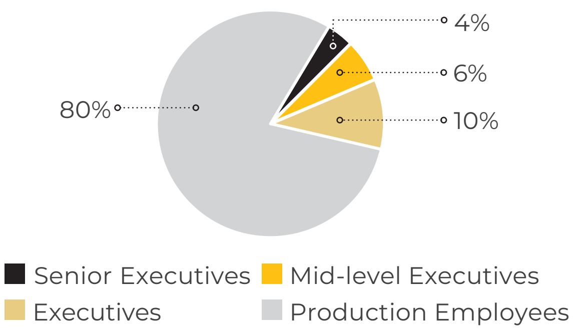
OUR WORKPLACE PERFORMANCE



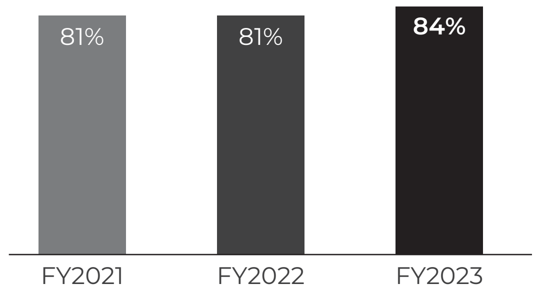


SUSTAINABILITY REPORT 2023

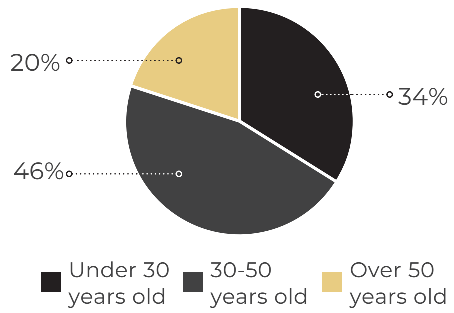
Employees by Category (FY2023)



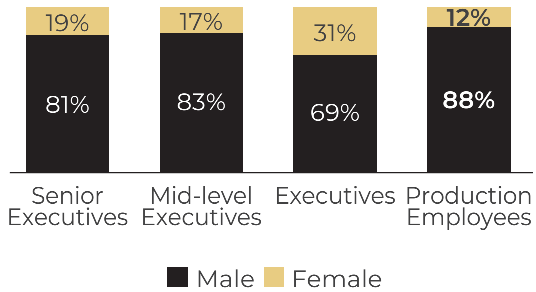
Proportion of Direct (Production) Employees



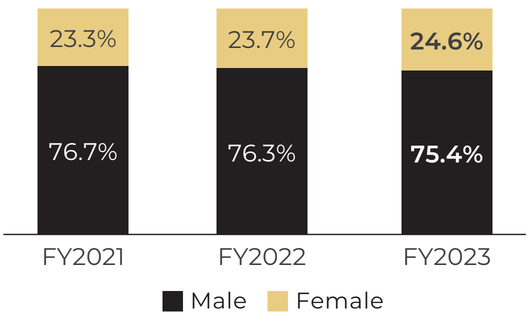
Diversity by Age (FY2023)



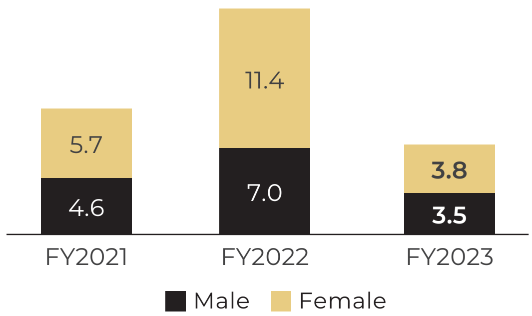
Gender Diversity by Employee Category (FY2023)



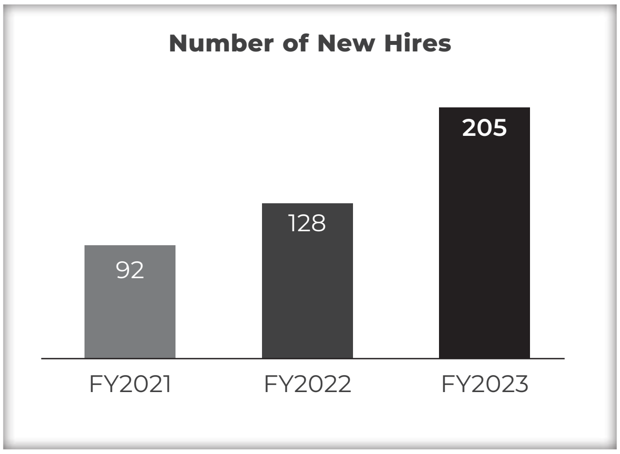
Gender Diversity (Office Functions)

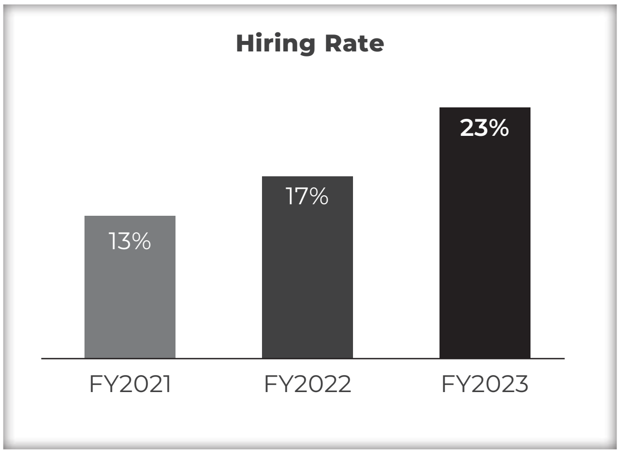


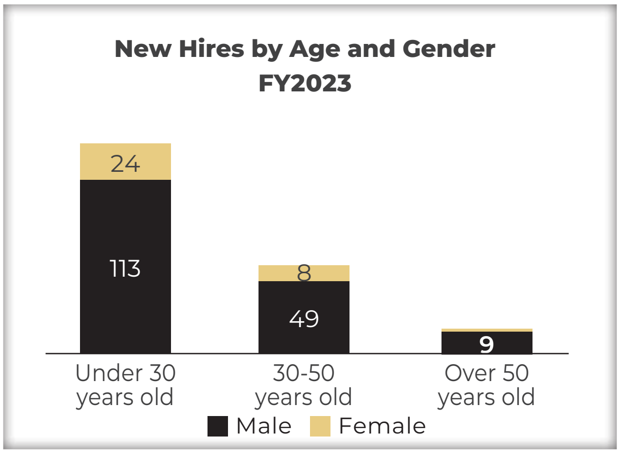
Average Training Hours per Employee

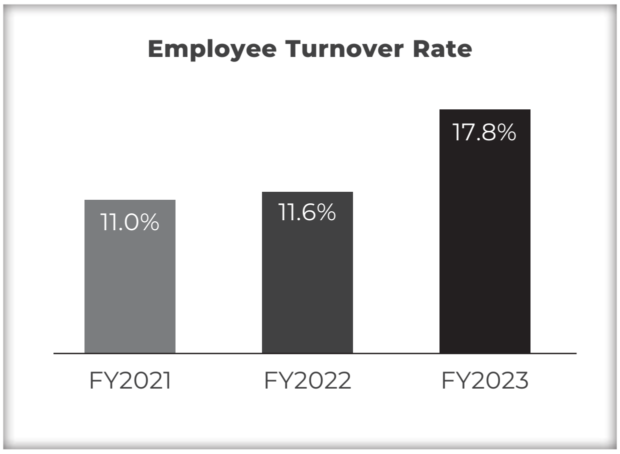


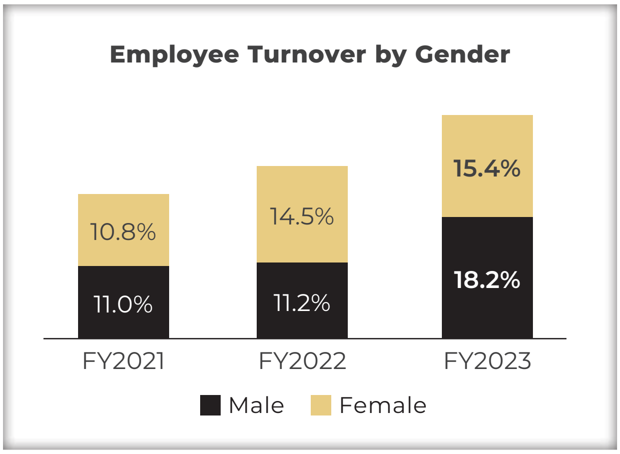
SUSTAINABILITY REPORT 2023

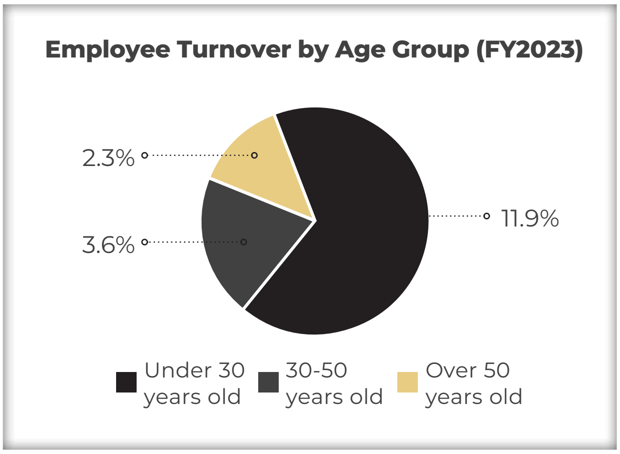












SUSTAINABILITY REPORT 2023

MARKETPLACE

Grand Banks, Eastbay and Palm Beach are seen as trusted, reliable, and responsible yacht brands among customers, stakeholders and the local communities where we operate. We strive to uphold this reputation across all of our activities.

We are committed to maintaining the highest standards of ethics, integrity, and professionalism in all aspects of our business. Building strong, lasting relationships with our customers, partners, and suppliers is key to our business approach, which help us uphold our customer-centric values and deliver high-quality yachts and services.

We are pleased to see that our commitment to sustainability and ESG performance is getting noticed. Grand Banks was the Gold winner in the 'Asia's Best Sustainability Report SME' category at the Asia Sustainability Reporting Awards 2022. Additionally, our ranking in the Governance and Transparency Index improved, moving from 309th place in 2021 to 208th in 2022 and to 120th in 2023.

Material Factors and SDG Goals

- Customer Health and Safety
- Anti-corruption
- Regulatory Compliance

Powering for Sustainability

The yacht industry is experiencing a paradigm shift towards sustainability, driven by environmental concerns and a growing demand for eco-friendly vessels. Grand Banks, an industry leader, has taken a pioneering step towards sustainability by adopting lithium batteries and solar panels, as standard equipment in our yacht designs.

Lithium batteries are known for their high energy density and efficiency, offering superior performance and reliability compared to traditional power sources. Solar panels harness renewable energy from the sun, reducing the reliance on fossil fuels during voyages. This system offers a cleaner and more sustainable power source, which greatly reduces greenhouse gas emissions and helps to offset our boats' product carbon footprint.

From end-user perspective, the practical advantages include running air conditioning and onboard services for extended periods of time without the need for generators, and additional diesel fuel, while away from the dock. Not only is this a better environmental solution, but it also improves the overall lifestyle on board, and at anchor, without all of the noise and exhaust that goes along with diesel generators.

Grand Banks Yachts' embrace of lithium batteries and solar panels is in line with our commitment to sustainability. By aligning our yachts with eco-conscious consumer preferences and reducing our environmental footprint, Grand Banks is poised to lead in a more responsible, eco-friendly yachting industry. While the transition comes with challenges, the long-term benefits in terms of sustainability, operational efficiency, and market positioning are expected to be substantial.

SUSTAINABILITY REPORT 2023

Our Supply Chain

Our supply chain is a crucial component of Grand Banks' operations, contributing significantly to the efficiency and quality of the products we offer to our customers. Fostering close working relationships with our suppliers enables us proactively addressing any potential issues related to quality or delivery, minimising disruptions to our production processes and preventing subsequent delays.

We maintain trusted relationships with our suppliers. We encourage our suppliers to adopt responsible environmental, social and governance practices which helps build resilience in our supply chain.

Supply Chain Network	Grand Banks	Customer
Product design and development Research & Development Innovation Engineering Fiberglass Carpentry Metal work Plumbing Paint and varnish Furniture and furnishing Appliance fitting Testing Finished product (boat)	Engines and drives Components Appliances Water systems Resins FRP/foam Teak wood Ply wood Paints and solvents Upholstery Machines and tools Services	Boat ownership Registration Licensing Storage Boat berthing and cleaning services Crew Fuel Maintenance Insurance Enjoyment

Sustainable Procurement

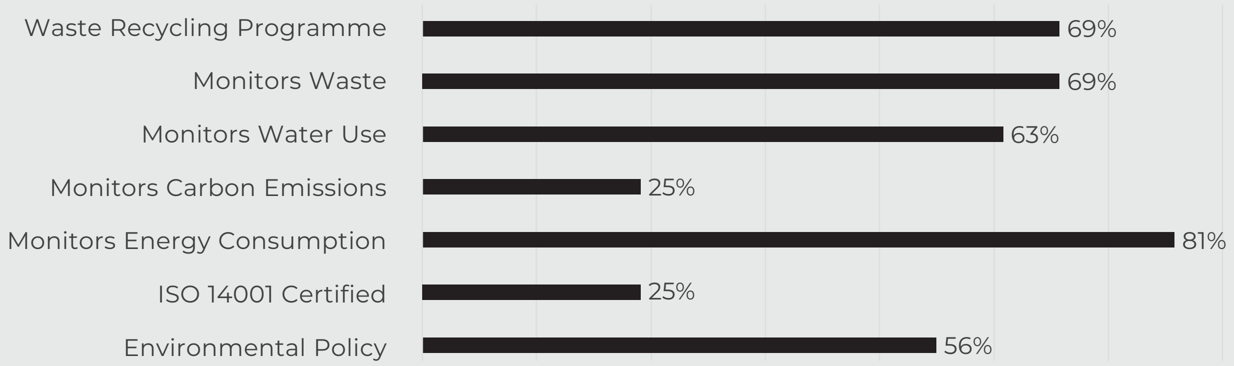
We procure a variety of materials from numerous suppliers to manufacture our boats. Purchased items include engines, drive systems, appliances, air-conditioning systems, water systems, lighting systems, electrical wires and products, components, resin, glass, FRP/foam, gelcoat, canvas, upholstery, fabric, leather, teak wood, plywood, adhesives, solvents, paints, varnish, rubber, and insulation materials.

Our procurement policy operates on the principles of merit and ethics. Suppliers are chosen based on their capacity to offer the best value proposition to Grand Banks, taking into account factors such as cost, quality, and time. Additionally, suppliers are required to have a robust track record in environmental, social, and governance (ESG) performance. To be considered for contracts, suppliers must satisfy Grand Banks' criteria across economic, environmental, and social (EES) dimensions.

We engage our key suppliers through our annual Supplier Sustainability Self-Assessment Survey. The survey assesses our suppliers' environmental, social and governance progress. The survey results provide us with a roadmap for an ongoing discussion with suppliers on sustainability matters. The findings from our latest survey in FY2023 are presented in the charts below, with the percentages representing the proportion of suppliers that undertook the related activities or measures.

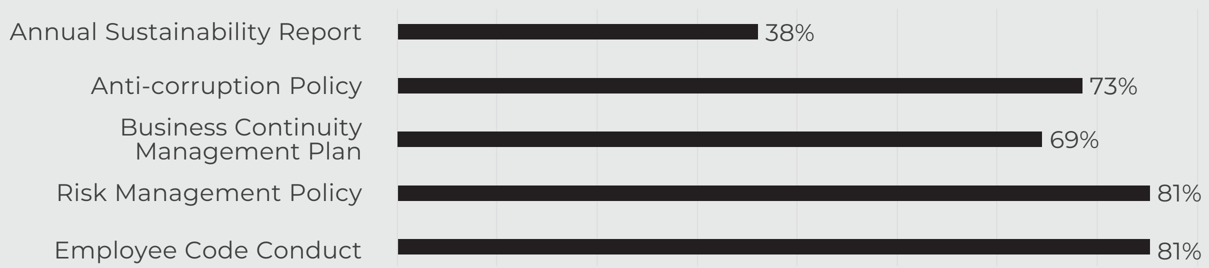
SUSTAINABILITY REPORT 2023

Supplier Environmental Assessment (FY2023)



Supplier Social Assessment (FY2023)

Supplier Governance Assessment (FY2023)



SUSTAINABILITY REPORT 2023

New Products

Following in the footsteps of the Grand Banks 85 (GB85), the company has just released a new flagship for the Palm Beach range, the Palm Beach 85 (PB85). Similar to the GB85 (launched in 2021), the new PB85 will be a game changer for the company and for the recreational boating industry as a whole. We have taken our innovation and unsurpassed boat building skills to a whole new level with the PB85. It will be lighter, faster, stronger and more efficient than anything we have built to date and will be second to none in the recreational boat market. It comes with lithium batteries and solar panels. We are very proud of our achievements with the PB85 and we are excited to display her to the public in 2025.

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.

Yacht Quality

Grand Banks is a leader in the luxury motor yacht sector, renowned for crafting yachts of exceptional quality and providing associated services. With decades of experience in yacht building and design, we prioritise efficiency without compromising on construction quality. Our focus on quality and interiors assure comfort for extended cruising across all waters. Equipped with highly reliable engines and equipment, our yachts are built to last. We continually adopt cutting-edge technology and materials in our construction processes, such as our award-winning 8-axis robot.

We design and construct each boat to meet the stringent criteria laid down by foremost certification authorities in the industry. Over the years, we have secured an array of international quality certifications for our boats, including the Conformité Européenne (CE) Mark and the National Marine Manufacturers Association (NMMA) Certification. These accreditations serve as a testament to our unwavering commitment to high standards. The CE Mark signifies that the manufacturer or importer confirms the products' compliance with European health, safety, and environmental protection standards. NMMA Certification guarantees that products adhere to both industry safety and construction standards as well as federal regulations.

We target to obtain these prestigious standards for all our products. We have obtained NMMA certification and the CE Mark for most of our models. Currently, we are working towards obtaining the CE Mark for additional three models; PB45, PB55 and EB60 as we plan to ship these models to Europe. To meet these standards, all our vessels' safety impacts are assessed rigorously.

Customer Health and Safety

Ensuring safety of our customers is our foremost priority. Our boats comply with all applicable health and safety regulations and international standards. There were no incidents of non-compliance concerning the health and safety impacts of our boats and services.

Robot Facility

We have updated our CNC Robot Facility with two new robots, making our factory more efficient. The robots can now make more parts faster, speeding up our whole production process. We have also moved the robot milling area to a bigger space in the factory. This helps the robots work on larger or multiple parts at the same time and makes our production line run more smoothly.

In 2019, our use of two advanced robotic milling arms earned us an Innovation in a Production Process award at the Boat Builder Awards held at the National Maritime Museum in Amsterdam.

SUSTAINABILITY REPORT 2023

Customer Service

Our top-notch customer service goes hand in hand with our focus on quality products – just as our customers expect. By offering regular maintenance and repair services, we are not just delivering great customer care; we are also helping our clients' yachts last longer. Keeping a yacht in prime condition means it runs more efficiently, which is better for the environment over the long term.

Our Stuart Yacht division in Florida acts as our US headquarters and provides maintenance, repair, and general support for customers along the US East Coast. For our international customers, we have a wide-ranging network of preferred service centres for maintenance and repairs.

From our loyal customer: Mr Jack LeFort

As a lifelong competitive sailor, it was a significant decision for us to contemplate transitioning to a powerboat for our family. The world of racing top-tier sailboats can be quite demanding, as they must be exceptionally well-planned, highly reliable, well-constructed, and capable of withstanding all sea conditions. In simple terms, they need to perform, and perform exceptionally!

So, when a good friend introduced me to the Grand Banks 60, I immediately felt a sense of familiarity. Not only is it a powerboat designed with the sensibilities of a sailor, but it exhibits the same meticulous attention to detail that is typically associated with custom racing sailboats. No detail is too small; nothing is overlooked. You can discern that this team has accumulated a wealth of experience from countless ocean miles while planning and designing these boats. I was truly amazed. The ride is exceptional, the layout is comfortable, beautiful, and inviting, all on a fuel-efficient hull design that is genuinely unique. I couldn't believe it the first time I took it out for a spin.

In just a short year, we will have logged over 3,000 miles on the boat, with just as many miles planned for this year. Throughout this time, we have encountered zero problems. When a minor issue does arise that requires attention, the Grand Banks team springs into action immediately.

The team that Mark Richards has assembled at Grand Banks is truly unrivaled. At every level of the organisation, from their prompt responses to answering questions to coordinating seasonal work schedules with the service team, it has been an absolute pleasure to collaborate with the entire team. Not only do they craft exceptional boats, but they also constitute a world-class team and organisation.

I cannot praise our experience aboard the mighty "Dame" enough.

Jack LeFort
Owner of "Dame" GB60 hull 21
Skipper and owner of "Challenge 12", A-10,2 metre
World Champion, 2019, 2023, 4-time North American Champion

Helping Customers Sell Their Pre-Owned Yachts

Extending the life of our products is key to being environmentally friendly and improving our customer service. To help with this, we assist customers in selling their used yachts to new owners. Our Grand Banks Yacht Sales platform is designed for customers who want to either sell or trade in their old yachts for a different model or a new one. This service gives customers peace of mind, knowing that their used yacht will be priced fairly and sold efficiently.

SUSTAINABILITY REPORT 2023

Engaging with Customers

Ongoing engagement with our customers helps us understand what they need and like. This information then helps us improve our products and services. Keeping in touch also builds long-lasting relationships and boosts our brand's popularity.

We host customer events like 'owners' rendezvous,' which are relaxed weekend gatherings filled with water-based fun. Our customers love these events, so we see them as a key part of staying engaged with our community.

Boat shows are also crucial for us. They let us show off our yacht models and get the word out about our brands. Plus, they are a great way for us to connect with current and future customers. We also support the wider industry by promoting boating as a hobby or lifestyle.

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 FY2023, Grand Banks participated in boat shows in the USA, including at Annapolis, Fort Lauderdale, Newport, Miami, Norwalk and Palm Beach, Europe at Cannes and Dusseldorf, and Australia at Sanctuary Cove and Sydney International.

TARGET AND PERFORMANCE			
Material Factor	FY2023 Target	FY2023 Performance	FY2024 Target
Anti-Corruption	Zero incidents of corruption	No incidents of corruption	Zero incidents of corruption
Regulatory Compliance	Maintain zero non-compliance	No incidents of non-compliance	Maintain zero non-compliance

Anti-corruption

Corruption and bribery can severely damage a company's reputation, undermine employee morale, and expose the firm to legal risks and financial penalties.

We adhere to the highest ethical standards and governance norms. Our anti-corruption policy is clearly communicated to all employees and strictly forbids giving or accepting bribes or kickbacks, whether in cash or other forms. This policy applies to everyone in the company, including board members, and must be followed in all business dealings and communications.

Our ongoing target is to have zero instances of corruption. During the reporting period, there were no confirmed cases of corruption.

Regulatory Compliance

Legal non-compliance can result in costly fines, damage to reputation, and potential loss of business, all of which can undermine a company's long-term viability. At Grand Banks, we are committed to operating in full compliance with all applicable economic, social, and environmental laws.

There were no significant instances of non-compliance with laws and regulations during the reporting period resulting in fines or non-monetary sanctions. We consider a non-compliance resulting in $20,000 or more as significant.

SUSTAINABILITY REPORT 2023

COMMUNITY

Grand Banks strives to be a responsible corporate citizen.

Contributing positively to the local communities where we operate is vital for building stakeholder trust and support for our business. We create jobs, encourage employee volunteering, make charitable donations, offer sponsorships, and fulfil tax obligations with integrity. Our approach boosts local economies and well-being and demonstrates our commitment to responsible business practices and community development.

Our approach to community support includes:
- Contributing positively to local economy
- Community Giving
- Employee Volunteering
- Community Development

Positive Contribution to Society
Grand Banks continues to have a positive impact on local society and the economy. 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.

Our operations have created high-quality jobs for local talent. This includes generating various technical jobs, including those that are well-paid and require advanced skills. Our presence in Malaysia, where we have our main manufacturing facility, has contributed to the development of local industry, particularly by sharing and enhancing knowledge, skills and abilities related to yacht designing and building industry.

In FY2023, we contributed S$1.7 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 FY2023, local vendors accounted for 67.5% of our total purchases.

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, Mouth & Foot Painting Artist, Persatuan Pesara Polis and Kelab Kebajikan Sukan Jabatan Laut.

SUSTAINABILITY REPORT 2023

GRI CONTENT INDEX

Statement of Use	Grand Banks Yachts Limited has reported with reference to the GRI Standards for the period 1 July 2022 to 30 June 2023.
GRI 1 Used	GRI 1: Foundation 2021.
Applicable GRI Sector Standard(s)	Not applicable as a GRI sector standard is not available for our industry.

GRI Standard	Disclosure	Page Number(s)
GRI 2: GENERAL DISCLOSURES 2021		
Organisational Details and Reporting Practices		
GRI 2-1	Organisational details	Inside Front Cover, 149, https://www.grandbanks.com/about-us/our-story/
GRI 2-2	Entities included in the organisation's sustainability reporting	149-150
GRI 2-3	Reporting period, frequency and contact point	149-150
GRI 2-4	Restatements of information	150
GRI 2-5	External assurance	150
Activities and Workers		
GRI 2-6	Activities, value chain and other business relationships	https://www.grandbanks.com/about-us/our-story/
GRI 2-7	Employees	178-186
GRI 2-8	Workers who are not employees	178
Governance		
GRI 2-9	Governance structure and composition	13-23, 55, 153
GRI 2-10	Nomination and selection of the highest governance body	25-31
GRI 2-11	Chair of the highest governance body	23-24
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	153-154
GRI 2-13	Delegation of responsibility for managing impacts	153
GRI 2-14	Role of the highest governance body in sustainability reporting	153-154
GRI 2-15	Conflicts of interest	13, 142
GRI 2-16	Communication of critical concerns	44-46, 157
GRI 2-17	Collective knowledge of the highest governance body	8-9

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GRI Standard	Disclosure	Page Number(s)
GRI 2-18	Evaluation of the performance of the highest governance body	32
GRI 2-19	Remuneration policies	33-38
GRI 2-20	Process to determine remuneration	33-38
GRI 2-21	Annual total compensation ratio	Not reported due to confidentiality constraints.
Strategies, Policies and Practices		
GRI 2-22	Statement on sustainable development strategy	4-5, 154
GRI 2-23	Policy commitments	156-158
GRI 2-24	Embedding policy commitments	156-158
GRI 2-25	Processes to remediate negative impacts	155-156, 163
GRI 2-26	Mechanisms for seeking advice and raising concerns	44-46, 157
GRI 2-27	Compliance with laws and regulations	158, 192
GRI 2-28	Membership associations	160
Stakeholder Engagement		
GRI 2-29	Approach to stakeholder engagement	51-53, 158-160
GRI 2-30	Collective bargaining agreements	184
Material Topics		
GRI 3-1	Process to determine material topics	161
GRI 3-2	List of material topics	162
ECONOMIC TOPICS		
Procurement Practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	193
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	193
ENVIRONMENTAL TOPICS		
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	156, 162
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	167-168
	302-3 Energy intensity	167-168

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GRI Standard	Disclosure	Page Number(s)
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	156, 162
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	176-177
	305-2 Energy indirect (Scope 2) GHG emissions	176-177
	305-4 GHG emission intensity	176-177
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	156, 162
Management Approach Disclosures 2020	306-1 Waste generation and significant waste-related impacts	169-170
	306-2 Management of significant waste-related impacts	169-170
GRI 306: Waste 2020	306-3 Waste generated	169-170
SOCIAL TOPICS		
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	157, 162
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	179, 186
Employee Training		
GRI 3: Material Topics 2021	3-3 Management of material topics	157, 162
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	180, 185
Non-Discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	184
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	184

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GRI Standard	Disclosure	Page Number(s)
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	157, 162
Management Approach Disclosures 2018	403-1 Occupational health and safety management system	182-183
	403-2 Hazard identification, risk assessment, and incident investigation	182-183
	403-3 Occupational health services	182-183
	403-4 Worker participation, consultation, and communication on occupational health and safety	182-183
	403-5 Worker training on occupational health and safety	182-183
	403-6 Promotion of worker health	182-183
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	182-183
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	182-183
	403-9 Work-related injuries	182-183
GOVERNANCE		
Customer Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	158, 162
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	190
Anti-Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	46
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	192
OTHER IMPORTANT TOPICS		
Supplier Engagement	Results of annual supplier assessment survey	187-190

SUSTAINABILITY REPORT 2023

TCFD DISCLOSURES

The following table indicates our progress toward TCFD-recommended reporting.

Code	TCFD Recommendations	Page Number(s)
GOVERNANCE		
TCFD 1(a)	Describe the board's oversight of climate-related risks and opportunities.	171
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	172
STRATEGY		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	172-175
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	172-175
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	172
RISK MANAGEMENT		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	172-175
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	172-175
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	172-175
METRICS AND TARGETS		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	176-177
TCFD 4(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	176-177
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	176-177

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

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REGISTRAR & SHARE TRANSFER OFFICE
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CORPORATE INFORMATION

CORPORATE SALES & MARKETING

GRAND BANKS MARINE GROUP USA CORPORATE HEADQUARTERS
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INVESTOR RELATIONS CONTACT
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PRODUCTION FACILITIES

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Phone: +60 7251 7488

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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
21 Bukit Batok Crescent #06-74, Wcega Tower Singapore 658065

Company Registration No. 197601189E