



RESPONSE TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors ("Board") of Grand Banks Yachts Limited ("Company", and together with its subsidiaries, "Group") refers to its annual report in respect of the financial year ended 30 June 2023 ("2023 Annual Report"). In this regard, the Board would like to respond to the following query raised by the Singapore Exchange Securities Trading Limited ("SGX") on 2 November 2023 as follows:

SGX Query

Listing Rule 1207 (10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. We note that the Company has disclosed on page 27 of its FY2023 Annual Report:- "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."

Please make the disclosure as required under Listing Rule 1207(10C), in particular, the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced.

It is noted that the internal audit function has been outsourced to Virtus Assure Pte Ltd. Please provide more information on the relevant experience of this accounting firm and the engagement team, including any previous experience of performing such a function for other SGX listed companies.

Company's Response to SGX Query

As disclosed under Guideline 10.1(e) on page 45 of the 2023 Annual Report:

"The Group's Risk Management and Audit Committee ("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 relevant experience to carry out the internal audit function of the Group adequately."

And also, as disclosed under Guideline 10.4 on page 47 of the 2023 Annual Report:

"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 independent of the activities it audits."

The RMAC and the Board would like to confirm that the Group is satisfied that the internal audit function is independent, effective and adequately resourced.

Virtus Assure has been engaged by clients, both listed and private companies, across many industries from manufacturing, business services, transportation and non-profit organisations to provide services including internal audit, enterprise risk management, corporate governance advisory services, sustainability reporting, whistleblowing services, information technology, cybersecurity and control self-assessment.

Virtus Assure's Managing Director is Mr Joshua Siow, who has more than 40 years of audit and management experience in operations, business systems, information technology, finance and accounting with various companies in many countries. He has helped exchanges, depositories and listed companies: to establish their internal audit function; develop their enterprise risk management framework; assess their risk/control environments; strengthen their systems of internal controls; and evaluate their internal audit performance. Mr Siow is a Certified Internal Auditor, Chartered Accountant, Certified Risk Management Professional and Certified Accountant with A Master's Degree in Business Administration from the University of Warwick.

Mr Alvin Tan, Virtus Assure's Audit Director, is responsible for audit, corporate governance and risk assessment engagements of the firm. He has more than 12 years of experience in developing and executing internal audit plans for SGX-listed companies to strengthen their internal controls and corporate governance practices. Mr Tan has a Bachelor's Degree of Business Administration (Honours) from the National University of Singapore and a Master's in Business Administration from the University of Warwick. He is also a Certified Internal Auditor, Certified Risk Management Assurance Professional with the Institute of Internal Auditors. Mr Tan is also a Certified Sustainability Reporting Specialist with the Institute of Certified Sustainability Practitioners.

Additional information on Virtus Assure can be found at <http://www.virtusassure.com>

By Order of the Board

Chiam Heng Huat
Chief Financial Officer

6 November 2023