**Securities Investors Association (Singapore)**
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

**Issuer:** Grand Banks Yachts Limited

**Stock code:** G50

**Meeting details:**
Date: 24 Oct 2024
Time: 10.00 a.m.
Venue: York Hotel Singapore (Rose Room II – Upper Lobby Level), 21 Mount Elizabeth, Singapore 228516

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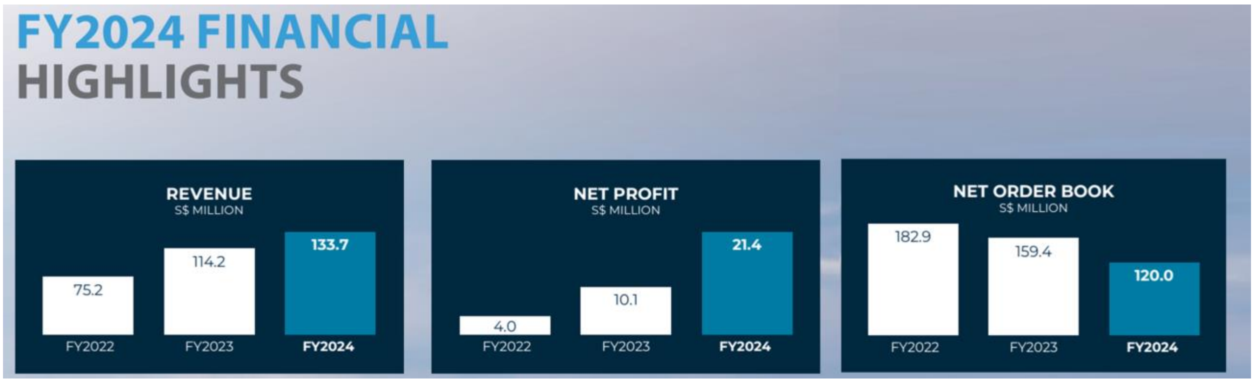
**Q1**. As mentioned in the CEO's message, FY2024 was a significant year for the group with net profit more than doubling to S$21.4 million. Management remains optimistic about the long-term prospects of the luxury yacht market and highlights growing consumer demand for quality, superior customer service, and environment sustainability.

(i) **Can management clarify if FY2024's results were significantly boosted by the clearing of pandemic-related backlogs? Has the group worked through most or all of these backlogged orders, and how does this affect forward visibility in FY2025 and beyond?**

As at 30 June 2024, the net order book stood at $120.0 million, a decline from $159.4 million a year ago. The new orders are noted for their larger sizes which come with higher price points. Despite that, with 20 new boat orders in FY2024 (compared to 19 new boat orders and one trade-in in FY2023), the value of the net order book declined by 25%.



(Adapted from company annual report)

(ii) **Given that the number of new boat orders remained consistent at 20 and these orders are for larger boats, why has the net order book declined by 25%?**

(iii) **For new yacht orders placed in 2024, what is the typical lead time between order placement and delivery?**

(iv) **With the 25% expansion in floor space, what impact is expected on production capacity and customer wait times? Does management anticipate a reduction in waiting periods as a result?**

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From Note 9 Inventories (page 112), the carrying value of completed stock boats increased from $2.27 million to $10.4 million. Work-in-progress is also significantly higher at $6.15 million (2023: $927,000).

(v) **Does management anticipate a notable increase in working capital requirements, and how does this align with the group's balance sheet strategy?**

(vi) **Has management developed a strategy for balancing customer satisfaction, working capital management, risk exposure, and profitability?**

Based on revenue contribution by primary geographical markets, the United States of America accounted for nearly 80% of the group's total revenue while demand in Asia tripled, albeit from a small base, and accounted for just 3.6%.

(vii) **What are the reasons that demand has fallen sharply in Australia and Europe? Has there been a shift in marketing and sales strategies toward the USA?**

(viii) **What is management's outlook on the luxury yacht market in China, and how is the group positioning itself for future growth in this region?**

**Q2.** The group introduced new models in the year, including the Palm Beach 107 and Palm Beach GT50 RS Outboard.

(i) **Are there plans to (fully) electrify the group's luxury yachts, following the trend in the automotive industry towards electric vehicles? Beyond improving fuel efficiency or utilising lower-emissions engines and generators, what step is the group taking towards full electrification?**

(ii) **What are the key risks and opportunities the group foresees in the electrification of luxury yachts? Is the group actively working towards securing a first-mover advantage in this space, and how does this align with global sustainability trends?**

(iii) **What is the current research and development (R&D) budget allocated towards sustainability and electrification initiatives? How does the group's R&D spending compare with industry peers, particularly in electrification and next-generation propulsion systems?**

**Q3.** The late chairman, Mr. Heine Askaer-Jensen, has been described as an exceptional corporate veteran, an avid yachtsman and the owner of several Grand Bank yachts. Following his passing, the board has appointed Mr Basil Chan as the non-executive independent chairman of the board with effect from 1 August 2024.

Mr Basil Chan will be redesignated as a non-independent chairman following the conclusion of the annual general meeting due to his long tenure. Mr Basil Chan was first appointed to the board on 14 November 2011.

The company also announced that Mr Gary James Weisman would be stepping down from the board as an independent director, having served 9 years as a board member.

(i) **Can the board or the nominating committee elaborate on the criteria used to select the board chairman?**

(ii) **Would the board clarify if appointing a non-independent chairman aligns with corporate governance best practices, especially considering the long tenure of Mr Basil Chan? How does the board mitigate concerns of potential conflicts, reduced independence or groupthink?**

(iii) **As the director transitions to a non-independent status, can the chairman help shareholders better understand how he plans to lead the board and the group effectively and how will he ensure that he continues to bring fresh and relevant perspectives to the board?**

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The company also announced the appointment of Ms Kay Pang Ker-Wei on the same day. The director's biography can be found on page 10 of the annual report. Additional information on directors seeking re-appointment can be found on pages 150 to 153 of the annual report. It is observed that Ms Kay Pang Ker-Wei is a director on Nera Telecommunications, another SGX-listed company that Mr Basil Chan chairs.

CHANGE - ANNOUNCEMENT OF APPOINTMENT::APPOINTMENT OF INDEPENDENT DIRECTOR

Description (Please provide a detailed description of the event in the box below)
Appointment of Ms. Kay Pang Ker-Wei as Independent Director.

Additional Details

Date Of Appointment
01/08/2024

Name Of Person
Kay Pang Ker-Wei

Age
48

Country Of Principal Residence
Singapore

The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)
The Board of Directors of the Company has reviewed the qualifications, experiences, suitability and independence of Ms. Pang, and accordingly the Board has approved the appointment of Ms. Pang as an Independent Director.

Whether appointment is executive, and if so, the area of responsibility
This appointment is non-executive.

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)
Chairman of the Remuneration Committee.
Member of the Nominating Committee.

(Source: https://links.sgx.com/1.0.0/corporate-announcements/U0GBSLTC97AD6MIC/24d8c278b6965e31dba74826c47d6ddf39ecfb959b31af1f05a635aa832ad608)

(iv) **Would the nominating committee (NC) elaborate further on the rationale, selection criteria and search and nomination process, that led to the nomination and appointment of Ms Kay Pang Ker-Wei, as required in the SGX template? Was Ms Kay Pang Ker-Wei nominated by the chairman, and if so, how does the NC address any potential concerns regarding her independence?**

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(v) **Is the information provided pursuant to Rule 720(6) of the Listing Manual for directors seeking re-appointment up-to-date, accurate and complete?**

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 24 OCTOBER 2024

| Name Of Directors | **Mark Jonathon Richards** *Chief Executive Officer and Executive Director* | **Gerard Lim Ewe Keng** *Non-Independent and Non-Executive Director* | **Kay Pang Ker-Wei** *Independent and Non-Executive Director* |
|---|---|---|---|
| **Other Principal Commitments[1] including Directorships[2]** | **Past Directorships** (for the last 5 years):<br>Nil<br>**Present/Existing Directorship:**<br>Lot 50 Newbridge Road Pty Ltd – Director<br>Palm Beach Motor Yacht Co Pty Ltd – Managing Director<br>GB Marine Group Pty Ltd – Director<br>Grand Banks Yachts Australia Pty Ltd – Director | **Past Directorships** (for the last 5 years):<br>Nil<br>**Present/Existing Directorships, and Other Principal Commitments:**<br>Golden Hope Limited – Director<br>Kien Huat Realty Sdn Bhd – Director<br>Empire Resorts, Inc. – Director | Nil |
| **Disclosures as set out in paragraphs (a) to (k) of the Appendix 7.4.1** | Mr. Mark Jonathon Richards has provided a negative confirmation to each of the paragraphs (a) to (k). | Mr. Gerard Lim Ewe Keng has provided a negative confirmation to each of the paragraphs (a) to (k). | Ms. Kay Pang Ker-Wei has provided a negative confirmation to each of the paragraphs (a) to (k). |

**Ms. KAY PANG KER-WEI**

*Independent Director*

Ms. Kay Pang Ker-Wei was appointed to the Board on 1 August 2024.

Ms. Pang is a lawyer with more than 25 years of expertise in legal, corporate governance and technology. She is currently the Vice-President and APAC General Counsel at Aveva Software, part of Schneider Electric SE. Her previous roles include being the Senior Director and Global Compliance Officer at VMware Inc; Director and APAC General Counsel at Cloudera Inc; and Director and APAC General Counsel (Enterprise & Software) at Hewlett-Packard Enterprise.

She also serves as an Independent Director at Nera Telecommunications Ltd; Vice-Chair at Singapore Heart Foundation; Fellow at QED Changemakers, a private think tank in Singapore; and Mentor at the NUS Lee Kuan Yew School of Public Policy and the SMU Institute of Innovation and Entrepreneurship.

Ms. Pang holds an LLB (Hons), UK, and is qualified as a Barrister-at-law in England and Wales and as an Advocate & Solicitor in Singapore. She also attained prestigious business qualifications from Stanford, MIT, Oxford University and NUS, directorship and corporate governance certification from INSEAD, and is accredited by the Singapore Institute of Directors.

(Adapted from company annual report)

***Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.***

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