



GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)

Response by Board of Directors to Special Notice Pursuant to Section 152(2) of the Companies Act (Cap.50) (Notice for EGM)

The Board of Directors of Grand Banks Yachts Limited ("Grand Banks" or "the Company") refers to the above notice which was received by the Company towards the end of the business day on 27 July 2012 (last Friday) and which was announced to the Singapore Exchange this morning.

Responding to the notice by two shareholders seeking to remove four existing directors (one executive and three independent) and to replace them with four new directors (one executive and three independent), the existing Board is unanimous in its view as follows:

"Grand Banks is a highly regarded and deeply respected producer of world-class yachts. As disclosed in the Company's announcement on 18 July 2012 which was widely reported in the local media, following the exceptional challenges imposed on the global yacht industry since the global financial crisis triggered by the U.S. sub-prime problem, the Company has undertaken very significant efforts since the end of the financial year ended 31 March 2008 ("FY 2008") to deal with the dramatically altered operating environment. The measures have included reducing headcount by nearly 72%; consolidating all manufacturing operations to Malaysia; lowering operating expenses; opening new stores and introducing new yacht models, all the while maintaining Grand Banks as a respected premium brand.

The current Directors, who form the Board which was reconstituted in November 2011, cumulatively have deep corporate experience and a unique understanding of the yacht business. The Directors have worked very closely with the senior Management to improve operational efficiency even further and have jointly drawn up a clear roadmap with the aim of returning the Company to profitability in the next financial year or two. The salient points of this roadmap are clearly spelt out in the GB Corporate Presentation and Corporate and Business Update announced on 18 July 2012. The Board believes that the Company is on the road to recovery with encouraging sales of new models and nearly half the planned production for FY2013 already sold.

The Directors firmly believe that it is in the best interests of all stakeholders that Management be allowed to implement the roadmap in close coordination with the current Board which not only has developed a strong understanding of the business, but which remains deeply committed to the successful turnaround of the Company. The Directors are also very mindful that the Grand Banks brand, with over 55 years' legacy, is an extremely precious asset whose value should be carefully protected in any corporate exercise.

The notice seeking to remove the current Directors has been made without any prior communication with the current Board and Management. The Board and Management have not been contacted by the requisitioning members with a view to understanding the complexities involved in implementing the current roadmap. A board change during this critical period could potentially disrupt the roadmap and harm the Grand Banks brand, both of which could be detrimental to shareholder value."

Board of Directors

Heine Askaer-Jensen, Non-Executive Chairman and Independent Director

Jeffrey Stewart Bland, Independent Director

Basil Chan, Independent Director

Peter Kevin Poli, Executive Director and Chief Financial Officer

30 July 2012