



GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)

PLACEMENT OF AN AGGREGATE 19,223,250 NEW ORDINARY SHARES AT S\$0.2725 PER SHARE

I. Introduction

The Board of Directors of the Company wishes to announce that the Company has today entered into a placement agreement with each of Exa Limited ("**Exa**") and Mr. Koh Cheng Keong ("**Mr. Koh**") (collectively "**Subscribers**") pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers, an aggregate 19,223,250 new ordinary shares in the Company ("**Placement Shares**") for an aggregate subscription consideration of S\$5,238,336 at the issue price of S\$0.2725 per Placement Share ("**Issue Price**") ("**Placement**").

Under the Placement, Exa will subscribe for 17,185,585 Placement Shares and Mr. Koh will subscribe for 2,037,665 Placement Shares. The subscription of Placement Shares by each Subscriber is not inter-conditional on the other Subscriber's subscription. The Subscribers are subject to a moratorium period of three (3) months in respect of any sale, transfer, disposal or encumbrance of any interests in the Placement Shares from the date of their issuance.

II. Issue Price

The Issue Price represents a discount of approximately 9.98% to the volume weighted average price of approximately S\$0.3027 for trades done on the shares of the Company ("**Shares**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 13 September 2012 and up to the time of the trading halt imposed by the Company on 14 September 2012.

III. Placement

The allotment and issue of the Placement Shares will be made pursuant to the general mandate granted by the shareholders of the Company at the Annual General Meeting of the Company held on 12 October 2011 ("**Share Issue Mandate**"). The Company will apply to the SGX-ST for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST ("**Listing Approval**").

The Placement Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to, the existing issued shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Placement.

IV. Conditions Precedent

The Placement is conditional upon the fulfilment of certain conditions precedent more particularly set out in the Placement agreements, including the Listing Approval being obtained from the SGX-ST.

V. Rationale

Exa is an investment holding company incorporated in the Isle of Man, and is held by the trustee of the Golden Hope Unit Trust, being a trust of which beneficiaries include Tan Sri Lim Kok Thay ("**Tan Sri Lim**") and certain members of his family. Tan Sri Lim is the Chairman and Chief Executive Officer of Genting Berhad, the holding company which comprises five listed entities (namely, Genting Malaysia Berhad, Genting Plantations Berhad, Genting Singapore PLC and Genting Hong Kong Limited) with a combined total market capitalization of approximately RM110 billion (equivalent to approximately S\$45.0 billion, based on an exchange rate of RM1 to S\$0.4094) as at 31 August 2012. With over 52,000 employees, established leisure brands such as Resorts World and ventures with Universal Studios, Genting Berhad's principal businesses include leisure and hospitality, power generation, oil palm plantation, property development, biotechnology and oil and gas. Tan Sri Lim is also the Chairman and Chief Executive Officer of Genting Malaysia Berhad and Genting Hong Kong Limited as well as the Executive Chairman of Genting Singapore PLC and Resorts World at Sentosa Pte Ltd. For his significant contributions to the leisure and travel industry, he was named the "Travel Entrepreneur of the Year" in 2009 by Travel Trade Gazette Asia and "Asian Leader for Global Leisure and Entertainment Tourism" by Seagull Philippines Inc. in 2011.

Mr. Koh is, amongst others, the chairman and managing director of the Only World Group, which is engaged in theme park and amusement park related activities and food, beverage and project management businesses. He also serves as the president of the Malaysian Association of Amusement Themepark & Family Attractions ("**MAATFA**"), and is an advisory council member of the International Association of Amusement Parks & Attractions and the vice president of the Asean Retails-Chains & Franchise Federation of Malaysia. In addition, he is the president of Ripley's Believe It Or Not Museum, Malaysia, and the chairman and managing director of the largest water theme park chain in Malaysia (comprising Wet World Shah Alam, Wet World Pedas Hot Springs Resort, Wet World Batu Pahat and Kota Tinggi Waterfalls Resort & Hotel). These companies have won multiple industry awards, including Best Museum in 2011 for Ripley's Believe It or Not Museum and 1st Green Water Park in 2011 for Wet World Shah Alam, both of which are prestigious industry awards conferred by MAATFA.

The Subscribers were introduced to the Company by its business associates, and the Company did not appoint any placement agent.

The Company expects the participation in the Company by the Subscribers, with their international reputation, track records, corporate experience and strategic connections, particularly in the recreational and leisure industry, to help advance its current initiatives as well as provide new opportunities for the Company, and augurs well for the Company's prospects. The investment by the Subscribers is part of the Directors' ongoing efforts to turn around the Company and return to profitability, as well as generate value for shareholders and other stakeholders.

As part of the Placement, Tan Sri Lim and Mr. Gerard Lim Ewe Keng ("**Mr. Gerard Lim**") are expected to be appointed as non-executive and non-independent Directors of the Company on or after completion of the Placement.

Mr. Gerard Lim is the General Manager of Kien Huat Realty Sdn Bhd (being an investment holding company with, amongst others, substantial shareholdings in Genting Berhad) and a director of Golden Hope Ltd (being the trustee of the Golden Hope Unit Trust, which holds various investments (including substantial shareholdings in Genting Hong Kong Ltd)). Prior thereto, he was the Chief Financial Officer of Genting Hong Kong Ltd. He has also held senior positions in various listed companies in the Genting Bhd Group. Mr. Gerard Lim further sits on the board of directors of Union Bank of Colombo. He holds a Bachelor of Science degree in Chemical Engineering from the University of Birmingham and an MBA from the University of Aston in UK.

VI. Use of Proceeds

The net proceeds from the Placement after deducting expenses will be approximately S\$5,200,000 and will be applied for the following purposes of the Company and its subsidiaries ("**Group**"):

- (a) new product development, including construction of new yacht moulds (approximately 50%);
- (b) improvement and enhancement to the Group's manufacturing facilities, including acquisition of new machinery and equipment (approximately 20%);
- (c) opening of new retail stores, expansion of distribution network and increase in the Group's inventory of new yachts (approximately 20%); and
- (d) general working capital (approximately 10%).

VII. Financial Effects

As at the date of this announcement, the issued and paid-up share capital of the Company is S\$23,823,596, comprising 96,116,250 Shares. On completion of the Placement, the issued and paid-up share capital will increase to S\$29,061,932, comprising 115,339,500 Shares.

Based on the unaudited consolidated financial statements of the Group for the year ended 30 June 2012, and assuming the Placement had taken place on 30 June 2012 with all the Placement Shares being in issue during the period:

- (a) the net loss per Share of the Group after adjusting for the Placement Shares will decrease from S\$0.1167 to S\$0.0973; and
- (b) the net asset value per Share of the Group after adjusting for the Placement Shares and the net proceeds of the Placement will decrease from S\$0.3961 to S\$0.3752.

VIII. Interests of Directors and Substantial Shareholders

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Placement.

IX. Further Updates

The Company will make further announcements once the Listing Approval has been obtained from the SGX-ST.

X. Documents Inspection

Copies of the Placement agreements are available for inspection at c/o Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours for a period of three (3) months commencing from the date of this announcement.

By Order of the Board

GRAND BANKS YACHTS LIMITED

17 September 2012