



GRAND BANKS YACHTS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 197601189E)

LETTER TO SHAREHOLDERS

**IN RELATION TO THE EXTRAORDINARY GENERAL MEETING TO
CONSIDER THE PROPOSED REMOVAL OF THE CURRENT
DIRECTORS AND APPOINTMENT OF NEW DIRECTORS NOMINATED
BY MESSRS CHENG LIM KONG AND KWAH YEOW KHONG**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	8 October 2012 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	10 October 2012 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Traders Hotel, 1A Cuscaden Road, Singapore 249716

TABLE OF CONTENTS

DEFINITIONS	2
LETTER TO SHAREHOLDERS	4
1. INTRODUCTION	4
2. THE PROPOSED RESOLUTIONS AND THE REQUISITIONING SHAREHOLDERS.....	6
3. ADVERSE IMPACT ON GRAND BANKS' BUSINESS AND MORALE OF EMPLOYEES	7
4. STRONG LEADERSHIP BY CURRENT BOARD	8
5. THE CURRENT BOARD.....	10
6. POSSIBLE OUTCOMES OF 2012 EGM	12
7. DIRECTORS' RECOMMENDATIONS.....	13
8. DOCUMENTATION.....	13
9. EXTRAORDINARY GENERAL MEETING	14
10. ACTION TO BE TAKEN BY SHAREHOLDERS	14
11. DIRECTORS' RESPONSIBILITY STATEMENT	14
12. DOCUMENTS AVAILABLE FOR INSPECTION	14
APPENDIX I – SPECIAL NOTICE	15
APPENDIX II – AMENDED AND RESTATED SPECIAL NOTICE.....	17
APPENDIX III – OBJECTION LETTERS	19
APPENDIX IV – RESPONSE LETTER	25
APPENDIX V – NOTICE OF EXTRAORDINARY GENERAL MEETING	30
PROXY FORM	

DEFINITIONS

In this Letter, the following definitions apply throughout except where the context otherwise requires:

"AGM"	: Annual general meeting of the Company
"Amended and Restated Notice"	: The notice from the Requisitioning Shareholders dated 10 August 2012 to the Company amending the Special Notice, a copy of which is marked as Appendix II to this Letter
"Board"	: The board of directors of the Company
"CDP"	: The Central Depository (Pte) Limited
"Cheng's Solicitors"	: RHTLaw Taylor Wessing LLP, the solicitors acting for Cheng Lim Kong, one of the two Requisitioning Shareholders
"Companies Act"	: The Companies Act, Chapter 50 of Singapore
"Company" or "Grand Banks"	: Grand Banks Yachts Limited
"Company's Solicitors"	: Rajah & Tann LLP, the solicitors acting for the Company
"Directors"	: The directors of the Company
"EGM"	: Extraordinary general meeting of the Company
"EGM Notice"	: The Company's notice of EGM dated 31 August 2012, a copy of which is marked as Appendix V to this Letter
"FY"	: Financial year ended 30 June
"Group"	: The Company and its subsidiaries
"Investindustrial"	: Investindustrial Asian Development Holdings S.A.
"Latest Practicable Date"	: 24 September 2012, being the latest practicable date prior to the printing of this Letter
"Management"	: The management of the Company
"Placement"	: The allotment and issue to the Subscribers of an aggregate 19,223,250 new Shares for an aggregate subscription consideration of S\$5,238,336 at the issue price of S\$0.2725 per Share
"Proposed New Directors"	: Tan Sri Lim Kok Thay and Mr Gerard Lim Ewe Keng
"Proposed Resolutions"	: The resolutions proposed by the Requisitioning Shareholders as set out in the EGM Notice
"Requisitioning Shareholders"	: Messrs Cheng Lim Kong and Kwah Yeow Khong
"Requisitioning Shareholders' Nominated Directors"	: Messrs Cheng Lim Kong, Mahtani Bhagwandas, Rohan s/o Suppiah and Seah Cheng San

DEFINITIONS

" Securities Account "	: Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
" SGX "	: Singapore Exchange Securities Trading Limited
" SGX Watchlist "	: The watch list of SGX
" Shareholders "	: Persons who are registered as holders of Shares in the register of members of the Company, or where CDP is the registered holder, the term " Shareholders " shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
" Shares "	: Ordinary Shares in the capital of the Company
" Special Notice "	: The special notice from the Requisitioning Shareholders dated 27 July 2012 informing the Company of their intention to call for an EGM, a copy of which is marked as Appendix I to this Letter
" Strategic New Investors " or " Subscribers "	: Exa Limited and Mr Koh Cheng Keong
" this Letter "	: This letter to Shareholders
" Wassbourne Finance "	: Wassbourne Finance Limited
" 2011 AGM "	: The AGM held on 12 October 2011
" 2011 EGM "	: The EGM held on 12 October 2011
" 2012 AGM "	: The AGM to be held on 22 October 2012
" 2012 EGM "	: The EGM to be held on 10 October 2012

The terms "**Depositor**", "**Depository Agent**" and "**Depository Registrar**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular only shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Letter shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Any reference to a time of day in this Letter shall be a reference to Singapore time, unless otherwise specified.

LETTER TO SHAREHOLDERS

GRAND BANKS YACHTS LIMITED

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

Directors

Heine Askaer-Jensen (Chairman and Independent Director)
Basil Chan (Independent Director)
Jeffrey Stewart Bland (Independent Director)
Peter Kevin Poli (Chief Financial Officer and Executive Director)

Registered Office

541 Orchard Road
#11-04 Liat Towers
Singapore 238881

25 September 2012

To: The Shareholders of Grand Banks Yachts Limited

Dear Sir/Madam,

EXTRAORDINARY GENERAL MEETING TO CONSIDER THE PROPOSED REMOVAL OF THE CURRENT DIRECTORS AND APPOINTMENT OF NEW DIRECTORS NOMINATED BY MESSRS CHENG LIM KONG AND KWAH YEOW KHONG

1. INTRODUCTION

1.1 *Background on the EGM*

1.1.1 On 27 July 2012, the Company received a Special Notice from the Requisitioning Shareholders informing the Board that they intend to call for an EGM pursuant to Section 177 of the Companies Act to consider the Proposed Resolutions to remove the current Directors (including any Director appointed after the Special Notice) and appoint the Requisitioning Shareholders' Nominated Directors to the Board.

1.1.2 On 10 August 2012, the Company received an Amended and Restated Special Notice from the Requisitioning Shareholders, requesting instead for the Board to convene an EGM pursuant to Section 176 of the Companies Act to consider the same Proposed Resolutions.

1.1.3 The Board is required under the Companies Act to hold such EGM within two months after its receipt of the Amended and Restated Special Notice (i.e. by 10 October 2012). As the Board had already announced on the Company's website its intention to hold the 2012 AGM on 22 October 2012, in order to save the Company time and costs, the Board suggested to the Requisitioning Shareholders that the Proposed Resolutions be considered at the 2012 AGM as the entire Board will be seeking re-election at the 2012 AGM.

1.1.4 The Requisitioning Shareholders have rejected the Board's proposal without providing any reason, leaving the Board with no choice but to convene the 2012 EGM on 10 October 2012 in accordance with the requirements of the Companies Act.

1.1.5 **The purpose of this Letter is to provide Shareholders with information on the Proposed Resolutions to be considered at the 2012 EGM and the Board urges all Shareholders to read this Letter in full and consider the Proposed Resolutions carefully.**

1.1.6 **For the reasons stated below, the current Directors are of the opinion that the appointments of the Requisitioning Shareholders' Nominated Directors are not in the best interests of the Company and accordingly recommend (save in respect of the Proposed Resolution relating to himself) that Shareholders vote AGAINST all the Proposed Resolutions. In particular, the current Directors recommend (save in respect of such Proposed Resolution relating to himself) that Shareholders vote AGAINST:**

- (a) the removal of Mr Heine Askaer-Jensen as an independent Director;
- (b) the removal of Mr Basil Chan as an independent Director;
- (c) the removal of Dr Jeffrey Stewart Bland as an independent Director;
- (d) the removal of Mr Peter Kevin Poli as an executive Director;
- (e) the removal of Tan Sri Lim Kok Thay as a non-executive and non-independent Director (if he is appointed prior to the 2012 EGM);
- (f) the removal of Mr Gerard Lim Ewe Keng as a non-executive and non-independent Director (if he is appointed prior to the 2012 EGM);
- (g) the appointment of Mr Cheng Lim Kong as an executive Director;
- (h) the appointment of Mr Mahtani Bhagwandas as an independent Director;
- (i) the appointment of Mr Rohan s/o Suppiah as an independent Director; and
- (j) the appointment of Mr Seah Cheng San as an independent Director.

1.2 **Summary of Key Considerations**

- 1.2.1 The Requisitioning Shareholders are seeking to replace the entire Board without providing their rationale and basis for doing so, save for a brief statement in the Special Notice and the Amended and Restated Notice that the Requisitioning Shareholders' Nominated Directors *"with their extensive management experience and professional expertise, will be able to improve and enhance the operations of the Company, and act for the benefit and interest of the Company and its shareholders"*.
- 1.2.2 While the Requisitioning Shareholders have also cited the poor performance of the Company in recent years as a ground for the Proposed Resolutions, they have failed to consider the many initiatives and measures implemented by the current Board (which was only constituted in November 2011) to improve the financial performance of the Company, increase operational efficiency, strengthen the Company's balance sheet and procure strategic investors to invest in the Company, all with a view of returning the Company to profitability and ensuring the timely removal of the Company from the SGX Watchlist.
- 1.2.3 So far as the Board is aware, the Requisitioning Shareholders only became Shareholders of the Company recently. On or about 18 July 2012, Wassbourne Finance (a substantial Shareholder of the Company at that time) sold its entire shareholding of 11.99% in the Company to Mr Cheng Lim Kong and Ms Sim Siew Tim Carol at a heavily discounted price of S\$0.10 per Share, when the then prevailing market price was approximately S\$0.18 per Share (which represents a discount of 44.44%).
- 1.2.4 About nine months prior to the above transaction at the 2011 EGM, Wassbourne Finance had voted against a proposed investment by Investindustrial in the Company, which would result in Investindustrial making a mandatory cash offer for all of the Shares in the Company and allowed Wassbourne Finance to cash out at S\$0.33 per Share (which is more than three times its sale price of S\$0.10 per Share to Mr Cheng Lim Kong and Ms Sim Siew Tim Carol).
- 1.2.5 The Requisitioning Shareholders' actions and vagueness in stating their intentions have adversely impacted Grand Banks' business and the morale of employees. In particular, the uncertainties caused by their actions have adversely affected the Company's sales negotiations during this period, and caused prospective customers to question the current state of affairs of the Company, the intentions of the Requisitioning Shareholders and the future of the management of the organization.

- 1.2.6 To date, the Requisitioning Shareholders have not been upfront on their criticisms of the current Board, nor have they explained why they found the performance of the Directors to be unsatisfactory. Some of the actions undertaken by the current Board to improve the Company's financial performance and operational efficiency include:
- (a) undertaking aggressive new product development and introducing new models of yachts with the most sought-after features;
 - (b) expanding the Company's distribution network and preparing for expansion into new markets;
 - (c) strengthening the Company's balance sheet by placing Shares to the Strategic New Investors who can contribute to the growth and expansion plans of the Company, as well as helping the Company to return to profitability and exit from the SGX Watchlist; and
 - (d) bringing on board the Proposed New Directors, with their strong track records and experience in the recreational and leisure industry.
- 1.2.7 With regard to the recent Placement, the Company's Solicitors received letters from Cheng's Solicitors dated 20 September 2012 and 21 September 2012 raising objections to the Placement and issues relating to the EGM. The Board is of the view that the objections are without merit and legal basis and have since instructed the Company's Solicitors to respond to the baseless allegations set out therein. Copies of the correspondence between the Company's Solicitors and Cheng's Solicitors are set out in Appendices III and IV for Shareholders' information.
- 1.2.8 The Board currently comprises Directors with different backgrounds that complement one another and the diversity in their individual strengths contributes to a well-rounded Board which is well-positioned to lead the Company. The replacement of the current Board and the appointment of the Requisitioning Shareholders' Nominated Directors would seriously jeopardize the efforts made by the current Directors in improving the performance of the Company and helping the Company to exit from the SGX Watchlist.

Further information on the above considerations, as well as the Proposed Resolutions are set out below.

2. THE PROPOSED RESOLUTIONS AND THE REQUISITIONING SHAREHOLDERS

2.1 *Rationale and Basis for the Proposed Resolutions*

- 2.1.1 The Board is unable to provide the rationale and basis for the Proposed Resolutions as:
- (a) the Requisitioning Shareholders did not approach the Board or communicate with the Directors or Management with regard to the Proposed Resolutions; and
 - (b) the Requisitioning Shareholders have also not provided any details on their rationale and basis for the Proposed Resolutions, save for a brief statement in the Special Notice and the Amended and Restated Notice that the Requisitioning Shareholders' Nominated Directors *"with their extensive management experience and professional expertise, will be able to improve and enhance the operations of the Company, and act for the benefit and interest of the Company and its shareholders"*.
- 2.1.2 While the Requisitioning Shareholders have also cited the poor performance of the Company in recent years as a ground for the Proposed Resolutions, they have not provided any explanations on how they found the performance of the current Directors to be unsatisfactory, why the entire Board should be replaced and how the appointment of the Requisitioning Shareholders' Nominated Directors is desirable for and in the best interests of the Company. The Requisitioning Shareholders and Requisitioning Shareholders' Nominated Directors have also not stated their intentions or future plans for the Company.

2.1.3 It is not clear whether the Requisitioning Shareholders and their Requisitioning Shareholders' Nominated Directors are familiar with or knowledgeable about the luxury yacht business and if so, to what extent.

2.2 **Requisitioning Shareholders**

2.2.1 The Requisitioning Shareholders together hold only approximately 11.13% in the total share capital of the Company, and yet they have requested for the entire Board to be replaced, less than two weeks after Mr Cheng acquired his 10.09% stake in the Company.

2.2.2 On or about 18 July 2012, Wassbourne Finance sold its entire shareholding of approximately 11.99% in the Company to Mr Cheng Lim Kong and Ms Sim Siew Tim Carol for the consideration of S\$0.10 per Share. This represents a very significant discount of approximately 44.44% to the then prevailing market price of approximately S\$0.18 per Share.

2.2.3 Based on the 2011 EGM records, Wassbourne Finance had voted against a proposed investment ("**Proposed Investment**") by Italian private equity firm Investindustrial, to subscribe for 136,136,364 Shares at S\$0.33 per Share. Investindustrial had separately announced that subject to the fulfilment of certain conditions precedent, Investindustrial would make a mandatory cash offer for all of the Shares, other than those already owned, controlled or agreed to be acquired by Investindustrial and parties acting in concert with it, at S\$0.33 per Share in cash.

2.2.4 Wassbourne Finance's sale of Shares at S\$0.10 per Share is a sharp contrast to Wassbourne Finance voting against the Proposed Investment at the 2011 EGM less than a year ago, which priced the Shares at S\$0.33 each, and particularly surprising, as the mandatory cash offer from Investindustrial (if made) would have allowed Wassbourne Finance to cash out at S\$0.33 per Share (being more than three times its sale price of S\$0.10 per Share to Mr Cheng Lim Kong and Ms Sim Siew Tim Carol).

2.2.5 Save for Wassbourne Finance being a company registered in the British Virgin Islands, the current Board does not have any information on the identity(ies) of the shareholder(s) of Wassbourne Finance or the entity(ies) having an interest in the Shares that were held by Wassbourne Finance.

2.3 **Requisitioning Shareholders' Nominated Directors**

2.3.1 Mr Cheng has proposed his own appointment as the sole executive Director although it is not apparent to the Board whether he has any prior relevant experience in the luxury yacht industry.

2.3.2 The Board also has no knowledge of whether the other Requisitioning Shareholders' Nominated Directors have any relevant experience in the luxury yacht industry or the recreational and leisure industry. As at the Latest Practicable Date, they have not provided their profiles, experience and curricula vitae to the Board.

2.3.3 Accordingly, the Board is unable to provide any insight on the Requisitioning Shareholders' Nominated Directors' proposed plans for the Company, and how each Requisitioning Shareholders' Nominated Director will be able to add value to the Company and help to steer the Company to better performance.

3. **ADVERSE IMPACT ON GRAND BANKS' BUSINESS AND MORALE OF EMPLOYEES**

The timing of the Proposed Resolutions and the way it was carried out by the Requisitioning Shareholders have adversely affected Grand Banks' business and morale of employees. As a result, the outlook previously expressed by the Board (i.e. that it believes the worst to be over and expects the Group's performance in FY2013 to be significantly better than in FY2012) may be subject to revision pending the outcome of the 2012 EGM.

3.1 ***Adverse Impact on Business***

3.1.1 Adverse Impact on Sales

Based on feedback received by the Board, there is a widespread concern among many of the most senior and experienced Grand Banks salespersons and dealers that the actions of the Requisitioning Shareholders have adversely affected the Company's sales negotiations during this period. This is because prospective customers are questioning the current state of the Company, intentions of the Requisitioning Shareholders and future of the Management. The impact of such actions may be felt by the Company over a prolonged period of time and affect the Company's sales during the critical fall boat show season. In addition, these salespersons believe that the Company's competitors are maximizing this opportunity to win over new customers from Grand Banks and to increase their market share.

3.1.2 Deposits and Payments by Dealers Delayed

As a result of the uncertainties facing the Company arising from the Requisitioning Shareholders' actions, the Company's dealers have delayed placing deposits for new orders and delayed making payments to the Company when due. Such dealers include two of the Company's most productive dealers. In both instances, they have cited specific requirements for protection of deposits and subsequent return of funds should the Company's management or organization change materially as a result of the Proposed Resolutions.

3.1.3 Retail Orders Held Back

The Company's dealers and salespersons are also very concerned that more prospective buyers may hold back from placing retail orders with the Company once they are aware of the Proposed Resolutions.

3.2 ***Adverse Impact on Morale of Employees***

The Requisitioning Shareholders' actions have adversely impacted the morale of Grand Banks' employees throughout its operations in Malaysia, Singapore, the United States and Europe. It is difficult for employees to work without having indications of the Company's direction and certainty over the Company's future, and their job performance and morale are consequently affected. Internal Company assessments conducted after the notice from the Requisitioning Shareholders have also shown widespread levels of diminished morale among the Company's employees. Lowered morale commonly leads to lowered employee efficiency, productivity, product quality, job satisfaction and retention.

4. **STRONG LEADERSHIP BY CURRENT BOARD**

When the current Board was appointed, the Company had a historically low order book and was still suffering from the impact of the global financial crisis. Since its appointment, the Board has been focused on and has worked towards improving the Company's performance and profitability. The proposed investment in the Company by the Strategic New Investors further reinforces the work done by the current Board and their confidence in the Company's future.

4.1 ***Recent Strategic Initiatives***

Some of the recent strategic initiatives of the Company, as directed by the current Board, are set out below:

- (a) **Aggressive New Product Development:** Introduce new products by incorporating the most sought-after features while remaining connected to what has made Grand Banks successful for over 55 years. These new designs have generated excitement among dealers, salespersons, existing customers and prospects; new products are also an effective way to avoid competing against one's own used yachts.

The Group is off to a good start with these new models: two 54 Heritage EU and one 50 Eastbay SX have been reserved before either model has been launched in the market. There is also a considerable number of customers who have signaled a strong intent to purchase the new models once they are available in the market for viewing and had undergone sea trials. Based on this positive early response, the Group has begun work on future iterations of these product series to leverage on the strengths of these series.

- (b) **Investment in Group-Owned Retail Stores:** These stores provide the Group with better market intelligence on customer preferences and facilitate more responsive decision-making during the purchasing negotiations. The Group will be building additional yachts for its inventory in the United States and Australia and is planning to set up new retail stores in FY2013.
- (c) **Optimize Distribution Network:** Analyze key markets around the world to assess current and future sales potential given recent economic circumstances; evaluate against ongoing performance of current dealers; and maximize the value-add from each independent dealer to ensure the strongest possible strategic alignment.
- (d) **Expanding Sales Presence:** The Company is negotiating sale partnership agreements with industry players which will help the Company expand its sales presence, which represents additional growth opportunities for the Company.
- (e) **Boost Efficiency and Productivity:** Improve the performance efficiency of key employees by implementing an incentive compensation program based on benchmark achievements. Also, increase overall factory productivity by securing alliances or other opportunities that leverage spare capacity at the factory, in addition to the Group's production expertise and strong brand recognition. This may include collaboration with commercial vessel manufacturers.
- (f) **Raise Consumer Awareness and Interest:** Launch a new advertising campaign across international markets, integrated with aggressive public relations programs, direct mail and customer events to promote new models – as well as enhanced digital marketing via social media channels, email and the Grand Banks corporate website.
- (g) **Increase Lifetime Customer Value:** Boost owner loyalty and advocacy through more customer-intimate marketing programs, including company-led cruising events for new owners that (i) enhance the ownership experience and (ii) can serve as highly effective selling platforms to potential new buyers. Also, engage buyers in co-creation through a new factory visit programme and other high-touch customer experiences.
- (h) **Improve Perceived Value and Sales Conversions Among Consumers:** Bolster value perception of product features/benefits, both directly (for example, interactive e-brochures, multimedia web features) and via dealer network (for example, sales training events, webinars). Equip and energize dealers with more information and tools to capture and convert buyers.
- (i) **Streamline the Buying Process:** Revamp current pricing/policies, modify dealer deposit requirements, and restructure sales order information to streamline the purchase process and consolidate information where appropriate.
- (j) **Improve Sales Efficiency:** Implement new lead tracking programme to quantify active prospects across multiple market against a variety of key metrics. Analyze

conversion rates and revenue potential to drive focus and effort/expense on highest-value prospects.

- (k) **Increase Market Insight and Intelligence:** Implement new owner loyalty survey and engage new buyers in new "inner circle" voice-of-consumer program. Additionally, relocate longtime field manager with extensive market and product knowledge to factory, where these insights can improve design, development, quality control and customer support.
- (l) **Improve Operating Efficiencies:** As announced on 18 August 2012, the Board reduced the Company's operating expenses and inventory significantly for FY2012 as compared with FY2011. The Board also intends to introduce a new salary structure for key employees, which includes new salary determinants linking employees' pay to the Company's performance.

4.2 ***Improving Performance***

As a result of the actions taken by the current Board, the Company announced on 18 August 2012 that:

- (a) the Company's revenue for FY2012 rose 16.7% to S\$32.8 million and its gross profit increased 33.9% to S\$3.1 million in FY2012, as compared with FY2011;
- (b) the Company recorded its third consecutive quarter of positive cash flow for the first time in four years; and
- (c) excluding exceptional non-cash charges, the Company posted a net profit of S\$0.4 million for the fourth quarter of FY2012, which reversed a net loss of S\$1.5 million in fourth quarter of FY2011.

4.3 ***Introducing Strategic New Investors and Proposed New Directors***

- 4.3.1 The Company announced on 17 September 2012 that it had agreed to place 19,223,250 new Shares to the Strategic New Investors pursuant to the Placement. The proceeds from the Placement provide the Company with additional funding for its future plans, while maintaining a strong cash position given the current global economic uncertainty.
- 4.3.2 With the Strategic New investors' international reputation, track records, corporate experience and strategic connections, the Company anticipates that they can contribute to the growth and expansion plans of the Company, as well as help the Company to return to profitability and exiting from the SGX Watchlist. All these initiatives augur well for the Company's future prospects.
- 4.3.3 The Company also expects to appoint the Proposed New Directors, Tan Sri Lim Kok Thay and Mr Gerard Lim Ewe Keng to the Board on or after completion of the Placement. Tan Sri Lim is Chairman and Chief Executive Officer of the Genting group of companies (including Malaysian listed Genting Bhd and Genting Plantations Bhd), Hong Kong-listed Genting Hong Kong Limited and SGX Mainboard-listed Genting Singapore PLC, which developed and operates Resorts World at Sentosa, one of Singapore's two integrated resorts. Mr Gerard Lim was previously the Chief Financial Officer of Genting Hong Kong Ltd and held senior positions in the Genting group of companies. With their strong track records and experience in the recreational and leisure industry, the Board believes that they will be able to contribute significantly to the Board and the Company.

5. **THE CURRENT BOARD**

- 5.1 At the 2011 AGM, some Shareholders had expressed their desire for the Board to be represented by Directors with a diverse set of qualifications, credentials and expertise. After the 2011 AGM, the Board determined that new Directors should be appointed in order that the

Directors will have backgrounds that complement one another and the following attributes will be represented by at least one Director:

- (a) extensive business experience in South-East Asia;
- (b) knowledge of the recreational yacht industry;
- (c) strong background in finance, accounting and corporate governance; and
- (d) prior experience as a director, in particular, prior experience as a chairman of the audit committee of listed companies.

5.2 The current Board believes that the current three independent Directors, with their composite background, experience and abilities, aptly satisfy the desires of Shareholders. More importantly, each of the four current Directors also brings a great deal of unique and relevant experience to the Company and/or its products and its business, as more particularly described below – experience that is vital to the successful leadership of Grand Banks at this critical time of transition and into the future.

- (a) Mr Heine Askaer-Jenson

Chairman and Independent Director

Mr Askaer-Jensen has executive experience as the immediate past Group Managing Director / Executive Vice Chairman of Jebsen & Jessen (SEA) Pte Ltd, a diversified ASEAN group with approximately S\$1 billion in revenue and 3,500 employees which is engaged in trading, manufacturing and engineering activities. Mr Askaer-Jensen, a Singapore permanent resident, is also the past Deputy Chairman and member of the board at the Singapore International Chamber of Commerce from 1994 to 2011, and an avid yachtsman who is intimately familiar with the Company's products (including as proud owner of a Singapore registered Grand Banks 47 Heritage EU). The current Board strongly believes that Mr Askaer-Jensen's qualifications and experience will be beneficial to both the current Board and to the Company, as he will be able to help develop the Company's products and explore expansion options in South-East Asia.

- (b) Mr Basil Chan

Independent Director

Mr Chan is the Treasurer and Council member and director of the Singapore Institute of Directors ("**SID**"). He is a Chartered Accountant by training, having qualified in the UK with the Institute of Chartered Accountants in England and Wales. Mr Chan has previously chaired SID's professional development sub-committee which focuses on director training programmes. He was also a member of the Corporate Governance Committee in 2001 which published the Singapore Code of Corporate Governance in 2001. Mr Chan further serves as an independent director of four other SGX Mainboard-listed companies and as audit committee chairman on three of them. In addition, he previously sat on the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore ("**ICPAS**") and currently sits on the Audit and Assurance Standards Committee of ICPAS. He is also the Founder and Managing Director of MBE Corporate Advisory, which provides corporate and financial advisory to both listed and private companies. The current Board strongly believes that with Mr Chan's experience in finance, accounting and corporate governance (including as chairman of audit committees of several SGX Mainboard-listed companies), he will be instrumental in providing valuable financial expertise to guide the Company to profitability.

(c) Dr Jeffrey Stewart Bland

Independent Director

Dr Bland is uniquely familiar with the business of the Company, with more than five years of service as a Director and having owned more than 30 different vessels (including Grand Banks yachts). He is currently the proud owner of a Grand Banks 72 Aleutian RP. Dr Bland is an active member in the Puget Sound Grand Banks Owners Association and has previously been a principal in the Gig Harbour Yacht Club and Fox Island Yacht Club. He has also been a part-owner of Northwest Explorations, the largest exclusive Grand Banks yacht charter company in the world, and has helped the Company secure new customers by tapping on his diverse and valuable network. Dr Bland has been internationally recognized as a leader in the nutritional medicine field for over 30 years and has served on numerous boards of both private and public companies. He is currently Chief Executive Officer of KinDex Therapeutics Ltd, a medical research company; Chief Science Officer of Metagenics Inc., a leading manufacturer and distributor of medical foods and nutraceutical products; and President of MetaProteomics Ltd., a biotechnology entity. The current Board strongly believes that with Mr Bland's familiarity of both the Company's business and the luxury yacht industry, he is well-positioned and connected to help the Company grow its business.

(d) Mr Peter Kevin Poli

Sole Executive Director and Chief Financial Officer

Mr Poli has served as the Company's Chief Financial Officer for over eight years and has played an instrumental role in the Company's most successful earning years and in guiding it through this turbulent time of transition, without succumbing to the bankruptcies and financial hardships that many other boat builders faced. He has established excellent relations and rapport with the Company's customers, dealers, suppliers and other industry players. Mr Poli completed the Listed Company Director Programme organised by SID in 2011 and joined the Effective Leadership Programme jointly sponsored by SID and SGX in 2012. Prior to joining Grand Banks, he spent twelve years in the securities business, of which he was the Chief Financial Officer for a company in the Morgan Stanley group for the last three years. He was also the Chief Financial Officer of specialty retailer FTD and helped take the company public in 1999. The current Board strongly believes that Mr Poli's experience in finance and business management, and his established relations with industry players is critical in helping the Company return to profitability.

6. POSSIBLE OUTCOMES OF 2012 EGM

The following are possible outcomes of the 2012 EGM:

(a) Proposed Resolutions Not Passed

If all the Proposed Resolutions are not passed, the resultant Board will comprise the current Directors, Messrs Heine Askaer-Jensen, Basil Chan, Jeffrey Stewart Bland and Peter Kevin Poli, and the Proposed New Directors, Tan Sri Lim Kok Thay and Mr Gerard Lim Ewe Keng.

(b) All Proposed Resolutions Passed

If all the Proposed Resolutions are passed, the resultant Board will comprise the Requisitioning Shareholders' Nominated Directors, Messrs Cheng Lim Kong, Mahtani Bhagwandas, Rohan s/o Suppiah and Seah Cheng San.

(c) Some Proposed Resolutions Passed

If only some of the Proposed Resolutions are passed, the resultant Board will comprise a mixture of the current Directors, the Proposed New Directors and/or the Requisitioning Shareholders' Nominated Directors.

7. DIRECTORS' RECOMMENDATIONS

7.1 Shareholders are advised to consider all the available information relating to the Proposed Resolutions carefully.

7.2 In particular, Shareholders should note that it is not in the interests of the Company to have a resultant Board comprising a mixture of the current Directors, the Proposed New Directors and/or the Requisitioning Shareholders' Nominated Directors, as such persons may not work well together as a Board and such a board may not function effectively.

7.3 Having considered the interests of the Company and the Shareholders, and for the reasons set out above, including the fact that no substantial rationale or basis was provided for the Proposed Resolutions, the current Directors are of the opinion that the appointments of the Requisitioning Shareholders' Nominated Directors are not in the best interests of the Company and accordingly recommend (save in respect of such Proposed Resolution relating to himself) that Shareholders vote **AGAINST** all the Proposed Resolutions. In particular, the current Directors recommend (save in respect of such Proposed Resolution relating to himself) that Shareholders vote **AGAINST**:

- (a) the removal of Mr Heine Askaer-Jensen as an independent Director;
- (b) the removal of Mr Basil Chan as an independent Director;
- (c) the removal of Dr Jeffrey Stewart Bland as an independent Director;
- (d) the removal of Mr Peter Kevin Poli as an executive Director;
- (e) the removal of Tan Sri Lim Kok Thay as a non-executive and non-independent Director (if he is appointed prior to the 2012 EGM);
- (f) the removal of Mr Gerard Lim Ewe Keng as a non-executive and non-independent Director (if he is appointed prior to the 2012 EGM);
- (g) the appointment of Mr Cheng Lim Kong as an executive Director;
- (h) the appointment of Mr Mahtani Bhagwandas as an independent Director;
- (i) the appointment of Mr Rohan s/o Suppiah as an independent Director; and
- (j) the appointment of Mr Seah Cheng San as an independent Director.

8. DOCUMENTATION

The following documents are enclosed in this letter:

- (a) a copy of the Special Notice dated 27 July 2012 (marked as **Appendix I**);
- (b) a copy of the Amended and Restated Special Notice dated 10 August 2012 (marked as **Appendix II**);
- (c) copies of Cheng's Solicitors Objection Letters dated 20 September 2012 and 21 September 2012 (marked as **Appendix III**);

- (d) a copy of the Company's Solicitors Response Letter dated 24 September 2012 (marked as **Appendix IV**);
- (e) a copy of the notice of extraordinary general meeting dated 31 August 2012 (marked as **Appendix V**); and
- (f) the proxy form for the 2012 EGM.

9. EXTRAORDINARY GENERAL MEETING

The 2012 EGM will be held will be held at **Traders Hotel, 1A Cuscaden Road, Singapore 249716** on **Wednesday 10 October 2012** at **10.00 a.m.** for the purpose of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

- 10.1 Shareholders who are unable to attend the 2012 EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the proxy form attached to this letter in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 541 Orchard Road, #11-04, Liat Towers, Singapore 238881, not less than 48 hours before the time fixed for holding the 2012 EGM. The completion and lodgement of the proxy form by a Shareholder will not preclude him from attending and voting in person at the 2012 EGM in place of his proxy if he wishes to do so.
- 10.2 Shareholders whose names are listed in the Depository Register maintained by CDP shall not be regarded as a Shareholder entitled to attend the 2012 EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the 2012 EGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The current Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated in this Letter are fair and accurate and that there are no material facts the omission of which would make any statement in this Letter misleading. The current Directors jointly and severally accept responsibility accordingly.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Memorandum and Articles of Associations of the Company are available for inspection c/o Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal business hours from the date of this Letter up to and including the date of the 2012 EGM.

Yours faithfully,

For and on behalf of the Board of Directors of
Grand Banks Yachts Limited

Peter Kevin Poli
Executive Director
25 September 2012

APPENDIX I

APPENDIX I – SPECIAL NOTICE

27 July 2012

Grand Banks Yachts Limited
541 Orchard Road
#11-04 Liat Towers
Singapore 238881

BY HAND AND FAX (+65 6733 1527)
IMMEDIATE ATTENTION

Attention: The Board of Directors

Dear Sirs,

GRAND BANKS YACHTS LIMITED (THE "COMPANY") – SPECIAL NOTICE PURSUANT TO SECTION 152(2) READ WITH SECTION 185 OF THE COMPANIES ACT (CAP. 50)

We, the undersigned, being two members of the Company holding no less than 10% of the total issued share capital of the Company, hereby give **SPECIAL NOTICE** to the Company of our intention to call for an **EXTRAORDINARY GENERAL MEETING** of the Company (the "EGM") to be held for the purpose of, and if thought fit, to pass the following resolutions:

1. That Mr Basil Chan be removed from his office as a director of the Company with effect from the date of the EGM.
[Resolution 1]
2. That Mr Jeffrey Stewart Bland be removed from his office as a director of the Company with effect from the date of the EGM.
[Resolution 2]
3. That Mr Heine Askaer-Jensen be removed from his office as a director of the Company with effect from the date of the EGM.
[Resolution 3]
4. That Mr Peter Kevin Poli be removed from his office as a director of the Company with effect from the date of the EGM.
[Resolution 4]
5. That any directors of the Company who may be appointed between the date of this Special Notice and the date of the EGM be removed.
[Resolution 5]
6. That Mr Cheng Lim Kong be appointed as an executive director of the Company with effect from the date of the EGM.
[Resolution 6]
7. That Mr Mahtani Bhagwandas be appointed as an independent director of the Company with effect from the date of the EGM.
[Resolution 7]
8. That Mr Rohan s/o Supplah be appointed as an independent director of the Company with effect from the date of the EGM.
[Resolution 8]
9. That Mr Seah Cheng San be appointed as an independent director of the Company with effect from the date of the EGM.
[Resolution 9]

APPENDIX I

10. To transact any other business.

[Resolution 10]

It is our firm belief that the Proposed New Directors, with their extensive management experience and professional expertise, will be able to improve and enhance the operations of the Company, and act for the benefit and interest of the Company and its shareholders.

For avoidance of doubt, this letter shall constitute the **SPECIAL NOTICE** required under Section 152(2) read with Section 185 of the Companies Act (Cap. 50).

Yours faithfully,



Signature of Member
Name: **Cheng Lim Kong**
NRIC : 50073168(0)
Number of shares: [9,700,000]



Signature of Member
Name: **Kwah Yeow Khong**
NRIC 56829277H
Number of shares: [1,000,000]

PURSUANT TO AN EXERCISE OF RIGHTS OF THE MEMBERS OF THE COMPANY UNDER SECTION 177 OF THE COMPANIES ACT (CAP. 50).

APPENDIX II

APPENDIX II – AMENDED AND RESTATED SPECIAL NOTICE

10 August 2012

Grand Banks Yachts Limited
541 Orchard Road
#11-04 Lial Towers
Singapore 238881

BY HAND AND FAX (+65 6733 1527)
IMMEDIATE ATTENTION

Attention: The Board of Directors

Dear Sirs,

**GRAND BANKS YACHTS LIMITED (THE "COMPANY")
– SPECIAL NOTICE PURSUANT TO SECTION 152(2) READ WITH SECTION 185 OF THE
COMPANIES ACT (CAP. 50) ("COMPANIES ACT")
– REQUISITION FOR THE DIRECTORS OF THE COMPANY TO CONVENE EXTRAORDINARY
GENERAL MEETING PURSUANT TO SECTION 176 OF THE COMPANIES ACT**

We refer to the special notice dated 27 July 2012 ("Special Notice") served on the Company on 27 July 2012, a copy of which is enclosed.

We wish to clarify that the last paragraph of the Special Notice should read as being issued under section 176 of the Companies Act, instead of section 177 of the Companies Act. In the premises and for good order, we set out below the amended and restated Special Notice:

SPECIAL NOTICE

We are members of the Company holding at the date of this requisition not less than 10% of the issued and paid-up capital of the Company and carrying the rights to vote at general meetings. We hereby give **SPECIAL NOTICE** to the Company and hereby requisition the directors of the Company to convene an **EXTRAORDINARY GENERAL MEETING** of the Company (the "EGM"), pursuant to section 176 of the Companies Act, for the purposes of considering the following ordinary resolutions:

1. That Mr Basil Chan be removed from his office as a director of the Company with effect from the date of the EGM.

[Resolution 1]
2. That Mr Jeffrey Stewart Bland be removed from his office as a director of the Company with effect from the date of the EGM.

[Resolution 2]
3. That Mr Heine Askaer-Jensen be removed from his office as a director of the Company with effect from the date of the EGM.

[Resolution 3]
4. That Mr Peter Kevin Poli be removed from his office as a director of the Company with effect from the date of the EGM.

[Resolution 4]
5. That any directors of the Company who may be appointed between the date of this Special Notice and the date of the EGM be removed.

[Resolution 5]
6. That Mr Cheng Lim Kong be appointed as an executive director of the Company with effect from the date of the EGM.

[Resolution 6]

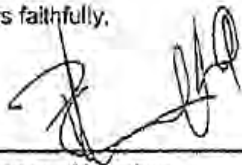
APPENDIX II

7. That Mr Mahtani Bhagwandas be appointed as an independent director of the Company with effect from the date of the EGM.
[Resolution 7]
8. That Mr Rohan s/o Suppiah be appointed as an independent director of the Company with effect from the date of the EGM.
[Resolution 8]
9. That Mr Seah Cheng San be appointed as an independent director of the Company with effect from the date of the EGM.
[Resolution 9]
10. To transact any other business.
[Resolution 10]

It is our firm belief that the proposed new directors namely, Mr Cheng Lim Kong, Mr Mahtani Bhagwandas, Mr Rohan s/o Suppiah and Mr Seah Cheng San with their extensive management experience and professional expertise, will be able to improve and enhance the operations of the Company, and act for the benefit and interest of the Company and its shareholders.

For avoidance of doubt, this letter shall constitute the **SPECIAL NOTICE** required under Section 152(2) read with Section 185 of the Companies Act (Cap. 50).

Yours faithfully,



Signature of Member
Name: **Chong Lim Kong**
NRIC No. S0073168D
Number of shares: 9,700,000



Signature of Member
Name: **Kwah Yeow Khong**
NRIC No. S6829277H
Number of shares: 1,000,000

APPENDIX III

APPENDIX III – OBJECTION LETTERS

By Fax & Post
Fax No. 6225 9630

M/s Rajah & Tann LLP
9 Battery Road #25-01
Straits Trading Building
Singapore 049910

Writer's Contact: Irving Choh/Lim Bee Li
Email: irving.choh@rhtlawtaylorwessing.com / beeli.lim@rhtlawtaylorwessing.com
Writer's DID: 6381 6788 / 6381 6932
Writer's Direct Fax: 6381 6863

RHTLaw TaylorWessing

RHTLaw TaylorWessing LLP

911 Battery Road #25-01
Singapore 049910

Tel: +65 6381 6868
Fax: +65 6381 6869

www.rhtlawtaylorwessing.com

Date
20 September 2012

Our reference
IRC/LBL/Igy/2120011395

Your reference
PA/CKH/DLC/306984/3

Dear Sirs

OBJECTION TO THE PLACEMENT OF AN AGGREGATE 19,223,250 NEW ORDINARY SHARES IN GRAND BANKS YACHTS LIMITED ("the Company")

We refer to the above announcement dated 18 September 2012.

Our client, Mr Cheng Lim Kong, objects to the proposed placement exercise as it would nullify the already announced EGM to be held on 10 October 2012, which is only a period of three (3) weeks away.

With the placement of new shares, there would be far fetching implications to the Company and there would be new subscribers of these placement shares which are set out below:

1. Implications of Extraordinary General Meeting ("EGM") on 10 October 2012

The requisition for an EGM was made on 27 July 2012 and restated on 10 August 2012, with 9.7 million shares from our client, together with 1.0 million shares from Mr Kwah Yeow Khong, aggregating 10.7 million or 11.13% of the total issued shares of the Company (which amounts to 96.1 million issued shares). This requisition had been widely publicised in the Straits' Times, Business Times and The Edge magazine.

The law requires a minimum of 10% of the total issued shares of the Company in order to requisition for an EGM. However, with the intended issuance of 19.2 million of new placement shares, the total issued shares of the Company would increase to 115.4 million and this would dilute both our client and Mr Kwah Yeow Khong's share percentage from 11.13% to 9.27%.

Your client's actions is obviously an attempt to dilute our client's shareholding and to prevent his resolutions stated in the requisition dated 10 August 2012 from being carried. Your client's actions may also be seen to be an attempt to arguably void the said EGM.

The intended new placement shares should not be proceeded with, in light of the ramifications above. Our client is therefore serving notice that he will seek all legal remedies, in the event the issue of the new placement shares are proceeded with.

2. No Voting Rights For New Placement Shares

As mentioned above, the EGM has been announced and fixed on 10 October 2012 at 10am at Traders Hotel. The expected AGM is expected to be held before 31 October 2012 (for reference, the AGM in 2011 was held on 12 October 2011).

RHTLaw TaylorWessing LLP (DEN No: T1430728A) is registered in Singapore under the name RHTLaw TaylorWessing LLC (Company No: 50) with limited liability.
RHTLaw TaylorWessing LLP is a Singaporean law practice registered as a limited liability law partnership in Singapore ("the LLP"), a 3 member of TaylorWessing, a group which comprises a number of member firms which are separate legal entities and separately registered law practices in particular jurisdictions. The LLP is solely a Singaporean law practice and is not an affiliate, subsidiary or subsidiary company of the other member firms of the TaylorWessing group.

You do not acknowledge or accept any documents by her.

APPENDIX III

29 September 2012
Eun Hee: IRG/BL/Agg/2/2011/001

Due to the fact that the intended new placement shares was announced recently on 18 September 2012, which is exactly 12 weeks after our client's special notice for an EGM was served on 27 July 2012 and is only 3 weeks away from the EGM on 10 October 2012, the 19.2 million placement if issued, should not carry any voting rights for the coming EGM on 10 October 2012 and at the AGM for FY ending 30 June 2012 of the Company. Our client shall be seeking a Court injunction in this respect.

3. Poor performance of the Company in the Last 4 years between FY 2008 to FY 2011

The Company had made many announcements in October 2011, reporting that many disgruntled minority shareholders did not pass the resolution to issue 136 million shares to an offeror, Investindustrial Asian Development Holdings S.A., at the Company's AGM held on 12 October 2011. The CEO Mr Robert William Livingston II was also not re-elected at the AGM and that only two directors remained immediately after the AGM, leaving the Board with insufficient members to function.

The Company was subsequently placed on the SGX's watch list on 5 December 2011 as it had incurred 3 years' of continuous losses and a low market capital of below S\$40 million over the last 120 market days. The Company suffered losses of S\$8.4 million in 2009; S\$7.5 million in 2010 and S\$7.7 million in 2011. The losses for year ending June 2012, which was just announced, increased to S\$11.2 million. If losses were allowed to continue for another one more year, the Company would probably be delisted from SGX.

This is one of the main issues which caused our client to requisite for the EGM. The voices of the minority shareholders must be given a chance to be heard. The intended new issuance of 19.2 million (or 16.65% of the enlarged capital of the Company) placement shares at this time is clearly calculated to suppress the voting rights of any disgruntled minority shareholders.

4. Concerted Party Issue

These 19.2 million shares (16.65% of the enlarged capital of the Company) added on to the Livingston family's shares of 27.4 million (or 23.76% of the enlarged capital of the Company) would aggregate to 40.41%. The intended issuance so near the date of the EGM is obviously a ploy to allow the Livingstone family to vote against the resolutions at the EGM. This would constitute a concerted party alliance, which would obviously be to the detriment of the minority shareholders.

5. Rights to Appoint Two New Directors

Further to point 4 above, it would appear that two (2) new directors are allowed to be appointed to the Board of the Company. These additional two directors would add to the present four (4) on the Board of the Company, a clear sign of wresting of controls.

6. Does the Company need the S\$5.238 million from the new placement shares?

The Company has in its recent announcement on 18 August 2012 stated, "The Group is self-financed with no bank borrowings and enjoys a strong cash position of S\$22.6 million as at 30 June 2012". Therefore, the Company has no need for the S\$5.238 million to be raised from the new placement shares. The main reason for issuing the 19.2 million new placement shares is therefore obviously to act in concert with the Livingston's family.

7. Violation of Rule 803 of the SGX MainBoard Rules

Rule 803 of the SGX MainBoard Rules states, "An issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in a general meeting".

APPENDIX III

20 September 2012
Our Ref: RCGIL/Agg212/0145/11

With the reasons stated at point (4), (5) and (6) above, it is obvious that there is an attempt to transfer the controlling interest to the Livingston family so as to prevent a recurrence of the voting pattern similar to the 12 October 2011 AGM.

Therefore, in accordance with Rule 803, this proposed new 19.3 million placement share at this juncture must first obtain approval at a general meeting.

8. Request in our Letter Dated 27 August 2012

We had specifically stated in our letter dated 27 August 2012 that our client wishes to participate in any fund-raising exercise that shall be so raised by the Company. However, our client's request was intentionally ignored by your client, for reasons only known to your client.

9. Did not Make Available Copies of Placement Agreements For Inspection Despite Announcement on 17 September 2012

Our client was not able to inspect the Placement Agreements despite four(4) attempts to do the same at Boardroom Corporate & Advisory Services Pte Ltd ("Boardroom").

Our client had gone to Boardroom personally on 18 September 2012 at 1pm and met a Ms Lim Hong Li where he was informed that Boardroom has not received the Placement Agreements.

Our client had contacted Ms Lim again at 4pm on the same day and he was subsequently informed that the Placement Agreements are still not available as the same would only be made available to Boardroom on the morning of 19 September 2012.

The third attempt was on 19 September 2012 at 2pm when our client contacted Boardroom and was told by a Miss Mindy that the Placement Agreement was still not received at Boardroom.

Also, as recent as 2.30 pm as of the date of this letter, our client called Ms Lim Hong Li again and was told that the placement agreement had yet to be received at Boardroom.

Despite the representation made by the Company via its announcement on 17 September 2012 that copies of the placement agreements would be available for inspection at Boardroom during normal business hours for a period of three months commencing from the date of this announcement, no placement agreements was made available for our client's inspection. Clearly, such a representation made by the Company is false. The non-availability to inspect the Placement Agreements after 3 days may be construed to be an attempt to conceal certain facts.

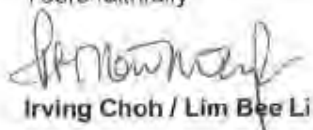
Conclusion

In summary, based on the above points which were stated above, it is clear that your client's actions is a blatant, calculated and desperate attempt to block our client's s.176 requisition.

The 19.2 million of new placement shares are not to be issued. As mentioned, even if the new placement shares are issued, your client's two proposed new shareholders are not to be allowed to vote at the forthcoming EGM on 10 October 2012 and the forthcoming AGM expected before 31 October 2012 or any extended dated granted thereof by SGX for the delay in holding the AGM.

All our client's rights are expressly reserved.

Yours faithfully


Irving Choh / Lim Bee Li

APPENDIX III

30 September 2014
Doc Ref: IRC/LBL/fqy212001200

cc: (1) client

(2) **SGX Market Control Department**
Singapore Exchange Securities Trading Limited
2 Shenton Way #19-00
SGX Centre 1
Singapore 068804
(By Fax No. 64384306 & Hand)

APPENDIX III

By Fax & Hand
Fax No. 6225 9630

M/s Rajah & Tann LLP
9 Battery Road #25-01
Straits Trading Building
Singapore 049910

Writer's Contact: Irving Choh/Lim Bee Li
Email: irving.choh@rhtlawtaylorwessing.com / beeli.lim@rhtlawtaylorwessing.com
Writer's DID: 6381 6788 / 6381 6932
Writer's Direct Fax: 6381 6883

RHTLaw Taylor Wessing

RHTLaw Taylor Wessing LLP

Six Battery Road #10-01
Singapore 049909

Tel +65 6381 6868
Fax +65 6381 6869

www.rhtlawtaylorwessing.com

Date	Our reference	Your reference
21 September 2012	IRC/LBL/igy/2120011395	PA/CKH/DLC/306984/3

Dear Sirs

OBJECTION TO THE PLACEMENT OF AN AGGREGATE 19,223,250 NEW ORDINARY SHARES IN GRAND BANKS YACHTS LIMITED ("the Company")

We refer to our letter dated 20 September 2012 and the Company announcement which was made on SGX on 20 September 2012 at 8.34 pm.

In the said Company Announcement, it was stated that SGX requires the Company to comply with Rule 803 of the SGX Main Board Listing Rules and to submit an written undertaking before the 19.2 million shares could be placed.

SGX MainBoard Listing Rule 803 is all about "controlling interest" and not "controlling shareholder". At points (4) to (7) of our letter dated 20 September 2012, we have set out the basis in which our client viewed the placement of the 19.2 million share had violated Rule 803 of the SGX Main Board Listing Rules, specifically:-

- (1) At point (4) of our letter dated 20 September 2012, that, *"the intended issuance ... is a ploy to allow the Livingston family to vote against the resolution at the forthcoming EGM and AGM."*
- (2) At point (7) of our letter dated 20 September 2012, that the intended issuance of the placement shares *"is an attempt to transfer the controlling interest to the Livingston family."*

In view of the above, our client is constrained to seek all necessary legal remedies from Court to restrain the Company from the issuance of the shares and/or to restrain to the voting rights of the new placement shares, even if the placement shares are eventually issued, at the coming EGM on 10 October 2012 and at the AGM for FY ending 30 June 2012 of the Company. We also have firm instructions from our client to pursue against the Company, and/or the directors (current and/or proposed) as our client deems necessary, at the appropriate juncture.

On a separate note, contrary to what your client had expressed on their announcement dated 17 September 2012 that a copy of the Placement Agreement would be available for inspection for shareholders, we would like to put on record that as at 3.20pm on 21 September 2012, Ms Lim Hong Li of Boardroom Corporate & Advisory Services Pte Ltd ("Boardroom") had informed that copies of the Placement Agreements are still not available for shareholders' inspection.

RHTLaw Taylor Wessing LLP (UEN No. T191L0766A) is registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A) with limited liability. RHTLaw Taylor Wessing LLP is a Singapore law practice registered as a limited liability law partnership in Singapore ("The LLP"). It is a member of Taylor Wessing, a group which comprises a number of member firms which are separate legal entities and separately registered law practices in particular jurisdictions. The LLP is solely a Singapore law practice and is not an affiliate, branch or subsidiary of any of the other member firms of the Taylor Wessing group.

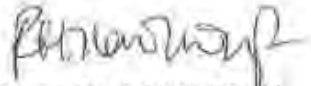
We do not accept service of court documents by fax.

APPENDIX III

21 September 2012
Our Ref: IRC/LBL/gy/2120011395

In the meantime, all our client's rights are expressly reserved.

Yours faithfully



Irving Choh / Lim Bee Li

cc: (1) client
(2) **SGX Market Control Department**
Singapore Exchange Securities Trading Limited
2 Shenton Way #19-00
SGX Centre 1
Singapore 068804
(By Fax No. 64384306 & Post)

APPENDIX IV

APPENDIX IV – RESPONSE LETTER

RAJAH
TANN

RHTLaw Taylor Wessing
Six Battery Road #10-01
Singapore 049909

By Fax & By Post
- 6381 6883 -

Attn: Mr Irving Choh

SENDER'S REF	RECIPIENT'S REF	DATE	PAGE
PA/CKH/DLC/306984/3	IRC/LBL/lgy2120011395	24 September 2012	1/5

Grand Banks Yachts Limited (the "Company")

Dear Sirs,

1. We refer to your letters dated 20 September 2012 and 21 September 2012.
2. Our clients deny that the placement of new shares as announced by the Company on 17 September 2012 ("Placement") was an attempt to block the requisition of an extraordinary general meeting ("EGM") by your client and any such impression is misconceived.
3. Our clients are also concerned about the baseless allegations raised by your client in your aforesaid letters, many of which were made without any legal basis. To the extent that such allegations affect the reputation and interests of the Company, its directors or any of the parties mentioned, we hereby expressly reserve their rights to pursue any claims or remedies against your client.
4. We are further instructed to respond to the points raised in your letters as follows (using the same numbering in your letter of 20 September 2012):

(1) *Implications of EGM on 10 October 2012*

Section 176 of the Companies Act (Chapter 50 of Singapore) ("Act") provides that, in respect of any requisitioning shareholder, the 10% shareholding shall be determined "as at the date of the deposit" of the requisition. As such, the Placement could not and was not intended to deny your client the right to requisition for the EGM.

Moreover, the Company has never mentioned that it would be calling off the EGM after the Placement. On the contrary, it has informed the shareholders the date of the EGM and is taking active steps to prepare for the EGM.

In this regard, you would recall that we have repeatedly requested your client to provide relevant details about the new directors proposed by your client for the

purposes of the EGM. To date, we have yet to receive any response from you or your client.

Our clients are therefore taken aback by your client's allegation that they are attempting to block the EGM as this would not be consistent with their actions above.

(2) *No Voting Rights For New Placement Shares*

The Placement was made in accordance with the General Mandate given by shareholders to the Board and the Mainboard Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("**Listing Rules**"). SGX-ST has also given its in-principle approval for the listing of the Placement Shares.

When issued, the Placement Shares will rank *pari passu* in all respects with all existing Shares of the Company and will also carry voting rights. There is no legal basis for the Company to deny the new investors (or for that matter, any shareholder) their right to vote in accordance with the Shares held by them and any attempt to do so would be in violation of the Memorandum and Articles of Association of the Company, the Act and the Listing Rules.

It is therefore our clients' intention to proceed with the completion of the Placement and they will strenuously and vehemently challenge any application by your client for any court injunction or other restraining order in respect of the aforesaid.

(3) *Poor performance of the Company*

As mentioned above, the shareholders would have a chance to discuss the resolutions proposed by your client at the EGM on 10 October 2012. The Board would address your client's query relating to the performance of the Company in its letter to be dispatched to Shareholders in connection with the EGM. Any shareholder who has further questions relating to the performance of the directors can also raise them at the EGM, which would be the proper forum to discuss such issues.

The current directors have always acted in the interest of all shareholders (including minority shareholders) and since the re-constitution of the Board in November 2011, the directors have undertaken many initiatives and implemented measures to improve the financial performance of the Company, increase operational efficiency, strengthen the Company's balance sheet and procured strategic investors to invest in the Company, all with a view of returning the Company to profitability and ensuring the timely removal of the Company from the SGX-ST Watchlist.

(4) *Concerted Party Issues*

The Board is not aware of the Livingston's family acting in concert with the new investors as alleged by you. The new investors were sourced by the Independent Directors and so far as the Board is aware, have yet to meet up with the Livingston family.

Your client's allegation that they are acting in concert is a serious one and we are instructed to put your client to strict proof. Please let us have further information from your client to substantiate the aforesaid allegation.

(5) *Rights to Appoint Two New Directors*

The two (2) new directors were invited by the current Board to join the Company and are expected to join the Board on or after completion of the Placement. Given their impressive track record and immense experience in the leisure and recreation industry, the Board believes that they would contribute positively to the growth and future plans of the Company.

Our clients are therefore confounded by your client's allegation that there was "wresting of controls" as these new directors were invited to join the Board. On the contrary, your client is the party seeking to wrestle control from the current Board by proposing the resolutions at the EGM and he should not confuse his own actions with those of the Board.

(6) *Does the Company need the S\$5.238 million*

In 2011, the Company had sought to raise funds by placing new Shares to the private equity firm Investindustrial to fund its business plans and working capital. Although the placement did not proceed eventually, the Company continued to undertake initiatives with a view of returning the Company to profitability and helping the Company exit from the SGX-ST Watchlist.

In this regard, the Company had in its announcements of 18 July 2012 and 18 August 2012 informed shareholders that the Company may require additional resources. In Section 10 of its "Fourth Quarter and Full Year Unaudited Financial Statements for the Year ended 30 June 2012", the Board had stated that "*As some of the initiatives enumerated above will require significant funding, the Group may seek to raise additional capital to cover these expenditures while maintaining a strong cash position given the current global economic uncertainty.*"

APPENDIX IV

RAJAH
TANN

The Placement was therefore made to achieve the aforesaid objectives, which is consistent with the actions taken by the Board since 2011. The Board further rejects any suggestion that they are acting in concert with the Livingston's family.

(7) *Violation of Rule 803 of the SGX Mainboard Rules*

The Board denies that there was any attempt to transfer the controlling interest to the Livingston family. In particular:

- Mr Robert Livingston was already a controlling shareholder of the Company prior to the Placement.
- The Placement would reduce his shareholding in the Company from approximately 28.54% to 23.78%, and in fact dilutes rather than strengthens his control over the Company.
- As Mr Robert Livingston and his son are no longer on the Board of the Company, it is tenuous to say that the Board is seeking to "prevent a recurrence of the voting pattern similar to the 12 October 2011 AGM" as the current Board is different from the Board then and the shareholders of the Company have also changed.

The Board therefore denies that there was any breach of Rule 803 of the Listing Rules and in fact, has acted within the General Mandate given by the shareholders in relation to the Placement.

(8) *Request in your Letter dated 27 August 2012*

The Placement was made to the new investors as the Board was of the view that they are strategic partners who can contribute to the growth and expansion plans of the Company, as well as help the Company to return to profitability and exit from the SGX-ST Watchlist.

Your client does not meet the above requirement. Moreover, your client is already a substantial shareholder of the Company and the Board does not have authority under the General Mandate to place shares to substantial shareholders. Please refer to Rule 812(1)(a) of the Listing Rules.

(9) *Did not make available copies of Placement Agreements*

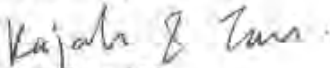
Copies of the Placement Agreements have been placed with Boardroom.

RAJAH
TANN

In any event, there is no prejudice to your client and you could easily have requested a copy from us when we spoke on the phone on 20 September 2012. However, no such request was made. Our clients vehemently deny that there was any attempt to conceal any fact with regards to the Placement Agreements as they are in fairly standard forms consistent with placements done in compliance with the Listing Rules.

5. As can be seen from the above, the Board has acted in accordance with the requirements of the Act and the Listing Rules in relation to its dealing with your client's requisition for EGM as well as the Placement.
6. Your client's perception of the Placement being an attempt to frustrate the convening of the EGM is misconceived. He has further confused his own actions with those of the Livingston's family. The Placement was not intended to put any member of the Livingston family on the Board nor increase their shareholding in the Company. If there is any party seeking to wrestle control from the current Board (comprising majority of Independent Directors), it is your client.
7. Instead of incurring unnecessary legal costs to commence legal proceedings, our clients would instead urge your client to attend the EGM and raise his queries at the proper forum. The Board is in the midst of preparing for the EGM and would remind your client once again to provide the relevant information about the proposed new directors as required by the Act and the Listing Rules.
8. Nonetheless, should your client decide to proceed with legal proceedings, we have instructions from our clients to accept service of process and would further put your client on notice that they would vigorously defend any such claims and reserve the right to seek redress against your client.
9. All our clients' rights are expressly reserved.

Yours faithfully


Rajah & Tann LLP

cc: (1) clients

- (2) SGX Market Control Department
Singapore Exchange Securities Trading Limited
2 Shenton Way #19-00
SGX Centre 1
Singapore 068804

APPENDIX V

APPENDIX V – NOTICE OF EXTRAORDINARY GENERAL MEETING

GRAND BANKS YACHTS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 197601189E

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Grand Banks Yachts Limited (the "Company") will be held at **Traders Hotel, 1A Cuscaden Road, Singapore 249716** on **Wednesday 10 October 2012** at **10.00 a.m.** for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments (*see explanatory notes (i) to (v)*):

Ordinary Resolutions

- 1) That Mr Heine Askaer-Jensen be removed from his office as an independent Director of the Company. **(Resolution 1)**
- 2) That Mr Basil Chan be removed from his office as an independent Director of the Company. **(Resolution 2)**
- 3) That Mr Jeffrey Stewart Bland be removed from his office as an independent Director of the Company. **(Resolution 3)**
- 4) That Mr Peter Kevin Poli be removed from his office as an executive Director of the Company. **(Resolution 4)**
- 5) That Mr Cheng Lim Kong be appointed as an executive Director of the Company. **(Resolution 5)**
- 6) That Mr Mahtani Bhagwandas be appointed as an independent Director of the Company. **(Resolution 6)**
- 7) That Mr Rohan s/o Suppiah be appointed as an independent Director of the Company. **(Resolution 7)**
- 8) That Mr Seah Cheng San be appointed as an independent Director of the Company. **(Resolution 8)**
- 9) That any Director of the Company appointed between 10 August 2012 (being the date of the requisition notice received by the Company from Messrs Cheng Lim Kong and Kwah Yeow Khong ("**Requisitioning Shareholders**")) and the date of the Extraordinary General Meeting, be removed. **(Resolution 9)**

BY ORDER OF THE BOARD

Ler Ching Chua
Company Secretary

Singapore
31 August 2012

APPENDIX V

Explanatory Notes:

- (i) The Company is convening the Extraordinary General Meeting pursuant to the requisition notice dated 10 August 2012 by the Requisitioning Shareholders for the Company to convene an Extraordinary General Meeting under Section 176 of the Companies Act. Please refer to the Company's announcement dated 10 August 2012 for further details.

The Company has not received from the Requisitioning Shareholders their basis and rationale for proposing the resolutions, as well as the qualifications and consents to act of the persons proposed by them as Directors.

- (ii) The Company will despatch this notice of Extraordinary General Meeting to Shareholders, together with any further information on the proposed resolutions in due course, in any event before 14 calendar days prior to the Extraordinary General Meeting.

- (iii) The incumbent Directors of the Company are:

(a) Mr Heine Askaer-Jensen, who is an independent Director, and serves the Company as Chairman of the Board of Directors and Chairman of the Remuneration Committee as well as a member of the Audit and Nominating Committees;

(b) Mr Basil Chan, who is an independent Director of the Company, and serves the Company as Chairman of the Audit Committee as well as a member of the Remuneration and Nominating Committees;

(c) Mr Jeffrey Stewart Bland, who is an independent Director, and serves the Company as Chairman of the Nominating Committee as well as a member of the Audit and Remuneration Committees; and

(d) Mr Peter Kevin Poli, who is the sole executive Director and Chief Financial Officer of the Company.

- (iv) The Chairman of the Extraordinary General Meeting will be exercising his right under Article 64 of the Articles of Association of the Company to demand a poll in respect of each resolution to be put to the vote of members at the Extraordinary General Meeting and at any adjournment thereof. Accordingly, each resolution will be voted on by way of a poll, after all the resolutions have been tabled and considered.

- (v) A member is entitled to appoint one or more proxies to attend and vote in his place. A proxy need not be a member. The instrument appointing a proxy must be deposited at the Company's registered office at 541 Orchard Road, #11-04 Liat Towers, Singapore 238881 not less than 48 hours before the time for holding the Extraordinary General Meeting.

GRAND BANKS YACHTS LIMITED
 (Incorporated in the Republic of Singapore)
 (Company Registration Number: 197601189E)

IMPORTANT:

1. For investors who have used their CPF monies to buy **Grand Banks Yachts Limited** shares, this Letter is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary of Grand Banks Yachts Limited not less than 48 hours before the time set for holding of EGM.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We* _____ (Name)

of _____ (Address)

being a member/members* of Grand Banks Yachts Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Percentage of Shareholding (%)
and/or (delete as appropriate)			
Name	Address	NRIC/ Passport No.	Percentage of Shareholding (%)

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 Extraordinary General Meeting (the "**Meeting**") of the Company to be held will be held at **Traders Hotel, 1A Cuscaden Road, Singapore 249716** on **Wednesday 10 October 2012** 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* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Ordinary Resolution	Number of Votes	
	For	Against
Resolution 1 That Mr Heine Askaer-Jensen be removed from his office as an independent Director of the Company.		
Resolution 2 That Mr Basil Chan be removed from his office as an independent Director of the Company.		
Resolution 3 That Mr Jeffrey Stewart Bland be removed from his office as an independent Director of the Company.		
Resolution 4 That Mr Peter Kevin Poli be removed from his office as an executive Director of the Company.		



Ordinary Resolution	Number of Votes	
	For	Against
Resolution 5 That Mr Cheng Lim Kong be appointed as an executive Director of the Company.		
Resolution 6 That Mr Mahtani Bhagwandas be appointed as an independent Director of the Company.		
Resolution 7 That Mr Rohan s/o Suppiah be appointed as an independent Director of the Company.		
Resolution 8 That Mr Seah Cheng San be appointed as an independent Director of the Company.		
Resolution 9 That any Director of the Company appointed between 10 August 2012 (being the date of the requisition notice received by the Company from Messrs Cheng Lim Kong and Kwah Yeow Khong and the date of the Meeting), be removed.		

Dated this _____ day of _____ 2012.

Total Number of Shares held in:	Number of Shares
(1) CDP Register of Shareholders	
(2) Register of Members	

Signature(s) of Member(s) or Common Seal
of Corporate Shareholder

* To delete as appropriate

IMPORTANT: PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Notes:

1. 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 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. 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.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 541 Orchard Road, #11-04, Liat Towers, Singapore 238881 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be signed 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.
7. A corporation which is a member may authorize 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, Chapter 50 of Singapore.

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 name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



PROXY FORM

**Affix
Stamp
Here**

The Company Secretary
GRAND BANKS YACHTS LIMITED
541 Orchard Road
#11-04, Liat Towers
Singapore 238881