



GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)

RENEWAL OF LEASE AGREEMENT IN RESPECT OF LAND AT PASIR GUDANG INDUSTRIAL AREA

1. Introduction

The Board of Directors of Grand Banks Yachts Limited (the "Company") wishes to announce that its wholly-owned subsidiary, Grand Banks Yachts Sdn. Bhd. ("GBYSB"), today accepted the Letter of Offer for Renewal of Lease (the "Letter of Offer") dated 22 March 2016 by Johor Corporation ("JC") to renew the lease (the "Lease") with respect to PLO 488 and 490 Pasir Gudang Industrial Area in Johor, Malaysia (the "Land").

2. Rationale for the Land Lease Renewal

In 1992, GBYSB signed a 30-year lease on the Land with an option to renew for another 30 years. GBYSB has since established its manufacturing facility (the "Property") on the Land and intends to continue operating there on a long-term basis. GBYSB had approached JC for an early renewal of the Lease. On 22 March 2016, JC officially offered GBYSB a 30-year lease renewal at a consideration of RM18.3 million (approximately S\$6.2 million).

The new lease will commence on 30 October 2022 and will expire on 29 October 2052. The Company deems the lease renewal consideration as favourable and intends to finance it using internal funds and bank borrowings. The lease renewal consideration will be capitalised as property, plant and equipment and depreciated over the life of the new lease period.

3. Consideration Payable for the Renewal

The total lease renewal consideration is RM18.3 million (approximately S\$6.2 million).

4. Material Conditions of the Renewal

30% of the lease renewal consideration is due to be paid by 21 April 2016. The remaining 70% will be paid within three months from the date of the Letter of Offer.

5. Financial Effects of the Renewal

The lease renewal has no effect on the net tangible assets per share and earnings per share of the Company.

The relative figures computed on the bases pursuant to Rule 1006 (a) to (d) of the SGX-ST Listing Manual:

(a)	Net asset value of the assets disposed of, compared with the Group's net asset value	N.A.
(b)	Net profit attributable to the assets acquired or disposed of, compared with the Group's net profit	N.A.
(c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalization (as at 22 March 2016) based on the total number of issued shares excluding treasury shares	14.9%
(d)	Number of equity securities issued by the issuer as consideration for the acquisition, compared with the number of equity securities previously in issue	None

6. Discloseable Transaction

The lease renewal of the Land is a discloseable transaction under Rule 1010 of the SGX-ST Listing Manual based on the Company's market capitalization on 22 March 2016.

7. Service Contracts

N.A.

8. Interest of Directors and/or Substantial Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the transaction, save through their shareholdings in the Company (if any).

9. Documents Available for Inspection

Copies of the Letter of Offer are available for inspection during normal business hours at the Company's registered office for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD
GRAND BANKS YACHTS LIMITED

Chiam Heng Huat
Chief Financial Officer

13 April 2016