

28 September 2012

Dear Editor

We refer to the article headlined "GB shareholder questions placement" published in the Business Times on September 28, 2012.

Referring to a recent placement of 19.2 million new shares announced by the Company on 17 September 2012 and completed on 25 September 2012 ("**Placement**"), Mr Peter Cheng has questioned if Grand Banks Yachts Limited has breached Rule 803 of the SGX Listing Manual.

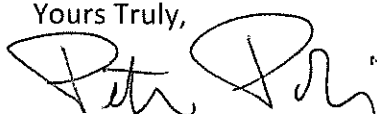
The Board of Directors ("**Board**") wishes to reaffirm that the above Placement was made in accordance with the General Mandate given by the shareholders to the Board at the last annual general meeting of the Company and also in compliance with the SGX Listing Manual. There was no transfer of controlling interest to the Livingston family as alleged by Mr Peter Cheng as Mr Robert Livingston was already a controlling shareholder of the Company prior to the Placement.

In fact, rather than strengthening Mr Livingston's control over the Company, the Placement has diluted his shareholding in the Company from approximately 28.45% to 23.78%. There is therefore no breach of Rule 803 of the SGX Listing Manual.

The Board is also not aware of the Livingston family acting in concert with the new investors. The new investors were sourced by the independent directors of the Company and did not meet up with the Livingston family prior to the signing of the placement agreement. The entire Placement exercise was initiated and approved independently by the Board of Grand Banks, acting in the best interests of all shareholders, as the Board was of the view that the new investors 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 the SGX-ST Watchlist.

The Board had previously responded (through its solicitors) to Mr Peter Cheng's aforesaid allegations as communicated through lawyers acting for Mr Cheng. These were set out in the Board's Letter to Shareholders on 25 September 2012.

Yours Truly,



for Heine Askaer-Jensen, Chairman

On Behalf of The Board of Directors of Grand Banks Yachts Limited