



GRAND BANKS YACHTS LIMITED
(Company Reg. No.: 197601189E)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

The Board of Directors of Grand Banks Yachts Limited (the "**Company**") wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights issue (the "**Rights Issue**") pursuant to the authority of the general share issue mandate approved by the shareholders of the Company (the "**Shareholders**") at the Annual General Meeting of the Company held on 22 October 2012.

As at the date of this Announcement, the issued share capital of the Company comprised 115,339,500 ordinary shares ("**Shares**"). Accordingly, up to 57,669,750 new Shares ("**Rights Shares**") may be issued under the Rights Issue, at the issue price of S\$0.22 ("**Issue Price**") for each Rights Share, on the basis of one (1) Rights Share for every two (2) Shares held by the Shareholders as at a date and time to be determined by the Directors for the purpose of determining the Shareholders' entitlement under the Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded.

2. PROPOSED PRINCIPAL TERMS OF RIGHTS ISSUE

2.1 Issue Price

The Issue Price of S\$0.22 for each Rights Share represents:

- (a) a discount of approximately 30.8% to the 30-day volume-weighted average price ("**VWAP**")¹ of S\$0.318 for the Shares traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and
- (b) a discount of approximately 26.6% to the VWAP of S\$0.300 for the Shares traded on the SGX-ST on 28 August 2013, being the last date on which the Shares were traded on the SGX-ST prior to the date of this Announcement.

2.2 Status of Rights Shares

The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may be notified by the Company)

¹ 30-day VWAP is the VWAP across a 30 calendar days prior to and including the date of this Announcement

on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distribution.

2.3 Terms and Conditions of the Rights Issue

The terms and conditions of the Rights Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement and its accompanying documents (the "**Offer Information Statement**") to be lodged with the Monetary Authority of Singapore (the "**MAS**") and despatched to the Entitled Shareholders (as defined below).

3. RATIONALE AND USE OF PROCEEDS

- 3.1 The Company proposes to undertake the Rights Issue to strengthen its financial position, enhance its financial flexibility and to provide the Company with readily available funds for the Company's investment initiatives.
- 3.2 The Rights Issue will raise net proceeds of approximately S\$12.4 million (after deducting costs and expenses of the Rights Issue) (the "**Net Proceeds**"), assuming that the Rights Shares are fully subscribed.
- 3.3 The Company intends to utilise the Net Proceeds for the following purposes:
 - (a) to fund the Company's investment initiatives (including investments in new products, inventory and business acquisitions) (approximately 70% to 80%); and
 - (b) for general working capital (approximately 20% to 30%).

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

- 3.4 In the opinion of the Directors, there is no minimum amount that must be raised from the Rights Issue taking into consideration the intended use of proceeds as set out above. In view of the foregoing, the Rights Issue will be undertaken on a non-underwritten basis and there will not be any irrevocable commitment from existing Shareholders to subscribe for the Rights Shares.

4. SCALING DOWN OF SUBSCRIPTIONS AND EXCESS APPLICATIONS

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, and subject to approval of the SGX-ST, scale down the subscription and/or excess applications for the Rights Shares by any Shareholder (if such Shareholder chooses to subscribe for its *pro-rata* Rights Shares and/or apply for excess Rights Shares) to avoid placing such Shareholder and parties acting in concert with it (as defined in The Singapore Code on Takeovers and Mergers (the "**Code**")) in the position of incurring an obligation to make a mandatory general offer for the Shares under the Code as a result of other Shareholders not taking up their entitlements of Rights Shares in full.

5. APPROVALS FOR THE RIGHTS ISSUE

5.1 The Rights Issue is subject to, *inter alia*, the following:

- (a) the in-principle approval of the SGX-ST for the listing of, and quotation for, the Rights Shares on the Official List of the SGX-ST having been obtained; and
- (b) the lodgement of the Offer Information Statement with the MAS.

An application will be made to the SGX-ST for the listing of and quotation for the Rights Shares on the Official List of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

6. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

6.1 Pursuant to the Rights Issue, the Company proposes to provisionally allot the Rights Shares to all entitled Shareholders, who comprise Entitled Depositors and Entitled Scripholders (both as defined below) (the "**Entitled Shareholders**").

6.2 Entitled depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with the CDP are in Singapore as at the Books Closure Date or who had, at least three (3) market days prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents ("**Entitled Depositors**").

6.3 Entitled scripholders are Shareholders whose share certificates are not deposited with the CDP and who had tendered to Boardroom Corporate & Advisory Services Pte. Ltd. ("**Share Registrar**") at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who had, at least three (3) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents ("**Entitled Scripholders**").

7. PROVISIONAL ALLOTMENTS

7.1 Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept (in full or in part), decline, renounce or in the case of Entitled Depositors trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, may only do so through CDP or by way of an electronic application through an automated teller machine of a participating bank.

7.2 Fractional entitlements to any Rights Shares will be disregarded in arriving at the Entitled Shareholders' provisional allotments and will be aggregated with the provisional allotments which are not taken up or allotted for any reason and used to satisfy excess applications for Rights Shares (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit.

- 7.3 In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue or have representation (direct or through a nominee) on the Board of Directors will rank last in priority for the rounding of odd lots and allotment of the excess Rights Shares.

8. FOREIGN SHAREHOLDERS

- 8.1 For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore where Shareholders may have their registered addresses, the Rights Issue is only made in Singapore and the Offer Information Statement and its accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided the CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**") or into any jurisdictions outside Singapore.
- 8.2 To the extent it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed among the Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective securities accounts as at the Books Closure Date and sent to them at their own risk by means of a crossed cheque drawn on a bank in Singapore by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such net proceeds shall be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar or CDP in connection therewith. Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar or CDP in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.
- 8.3 The Foreign Shareholders are encouraged to provide a registered address to the Share Registrar or CDP, as the case may be, in Singapore at least three (3) market days prior to the Books Closure Date, to be able to participate in the Rights Issue.

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or the substantial Shareholders of the Company has an interest, direct or indirect, in the Rights Issue, other than through their respective shareholding interests, direct or indirect, in the Company.

10. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

By Order of the Board

GRAND BANKS YACHTS LIMITED

29 August 2013

Important Notice

This Announcement is for information purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any security or to take up any entitlements to securities in any jurisdiction in which such an offer or solicitation is unlawful.