



GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)

AN UPDATE ON THE USE OF PROCEEDS FROM THE PLACEMENT OF NEW SHARES

The Board of Directors (the “Board”) of Grand Banks Yachts Limited (the “Company” and together with its subsidiaries, the “Group”) refers to the announcement made on 17 September 2012 in relation to the placement of 19,223,250 new ordinary shares by the Company. The Board wishes to announce that the net proceeds of approximate S\$5.2 million have been fully utilised.

The utilisation of the net proceeds is as follows:

Use of Proceeds	Initial Estimates (S\$ in million)	Status (S\$ in million)
1. New Product Development	S\$2.60	- S\$0.74 has been used for development of three new models - See Note A
2. Improvement and enhancement to manufacturing facilities	S\$1.04	- S\$0.20 has been used in upgrading inspection shed, electrical installations, new fencing and other items - See Note B
3. Open new retail stores, expansion of distribution network and increase inventory of new yachts	S\$1.04	- S\$3.36 has been used to build three inventory yachts
4. General working capital	S\$0.52	- S\$0.90 has been used to purchase teak inventory and other miscellaneous items to meet increased production needs

Note A : The Board elected to cancel, at this juncture, the development of a large yacht model given the greater risks associated with this segment as well as the longer revenue gestation period.

Note B : The Board elected to scale back upgrading of the manufacturing facility so as not to burden the Group’s operating expenses.

By Order of the Board

GRAND BANKS YACHTS LIMITED

29 August 2013