

**GRAND BANKS YACHTS LIMITED**

(Company Reg. No.: 197601189E)

UPDATE ON THE USE OF RIGHTS ISSUE PROCEEDS

Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the offer information statement dated 1 October 2013 in relation to the Rights Issue.

The Board of Directors (the “**Board**”) of Grand Banks Yachts Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company's announcements released on 25 October 2013, 12 March 2014 and 26 April 2014 in relation to the Rights Issue and wishes to provide an update on the use of the net proceeds amounting to approximately S\$12.2 million raised from the Rights Issue. As of today, the net proceeds has been fully utilised as follows:

Use of Proceeds	Initial Estimates (S\$'000)	Utilised (S\$'000)	Remarks
1. To fund investment initiatives, including <ul style="list-style-type: none">- investments in new products- inventory- business acquisitions	8,500 - 9,800	9,934 175 3,987 5,772	Development of new model Inventory yachts Acquisition of Palm Beach Motor Yacht Co Pty Ltd
2. For general working capital, including <ul style="list-style-type: none">- purchase of factory equipment and software- administrative and other general expenses	2,400 – 3,700	2,266 58 2,208 1,183 594 153 87 64 127	Purchase of factory equipment, IT hardware and software Details as per below: Salaries Professional fees (for acquisition, EGM, etc.) Director fees IT expenses Rental Others

The above utilization of the net proceeds is consistent with the intended use of proceeds disclosed in the Offer Information Statement dated 1 October 2013.

By Order of the Board

GRAND BANKS YACHTS LIMITED

18 August 2014