



GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)
(the "Company")

PROPOSED ACQUISITION OF PROPERTY IN STUART, FLORIDA, USA

1. INTRODUCTION

The Board of Directors (the "**Board**") of the Company wishes to announce that the Group has on 18 November 2022 entered into a Sale and Purchase Agreement (the "**SPA**") with Mr Gregory Burdick and Ms Nancy Burdick (the "**Sellers**") to acquire Sellers' property (the "**Property**") at 458 SW Salerno Road Stuart FL 34997 USA for a total purchase consideration of US\$1.9 million (equivalent to approximately S\$2.6 million) ("**Proposed Acquisition**").

The Sellers are independent and unrelated third parties.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Property

The Property is the residence of the Sellers. It has a land size of approximately 13,000 square feet, with a built-up area of 2,864 square feet. It is located directly opposite the Company's USA headquarters at Stuart. It has berthing for approximately 7-9 boats. The Sellers will sell the Property and lease back for a nominal rent of US\$10.00 per year.

The current estimated valuation is about US\$1.7 million. The Group is paying a premium for the Property with the view of re-zoning the Property from Residential use to Commercial use which has a higher market value.

2.2 Rationale of the Proposed Acquisition

The Group is principally engaged in the business of manufacturing and selling luxury yachts worldwide with production facilities in Malaysia and a service yard in Stuart, Florida, USA which also serves as the Group's USA Headquarters.

The Board is of the view that the Proposed Acquisition is in line with the Group's strategy to effectively and sustainably further grow its business, increase shareholders' value, and is in the best interests of the Group and its shareholders for the following reasons:

- (a) The Proposed Acquisition provides the Company with the opportunity to acquire the Property and thereby further strengthening the Group's branding, growth profile and long-term value creation for its shareholders;
- (b) With the Proposed Acquisition, the client buying experience, which is of paramount importance, will be greatly enhanced with in-house facilities and service team. This is consistent with the image and branding of the Group's premier luxury yacht brands Grand Banks, Eastbay and Palm Beach; and
- (c) The Property is directly opposite the Group's USA Headquarters and serves as further expansion of its operations in the USA.

2.3 Purchase Consideration

The total purchase consideration of US\$1.9 million for the Proposed Acquisition ("**Purchase Consideration**") is arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

The Purchase Consideration will be satisfied in the following manner:

- (i) US\$10,000.00 deposit to be paid upon signing of the SPA;
- (ii) Approximately US\$500,000.00 to pay off Sellers' lien at closing date; and
- (iii) The balance Purchase Consideration of approximately US\$1,400,000.00 to be paid over a period of 15 years, starting from 1 July 2024, at a fixed interest rate of 4% per annum throughout the tenure. In connection with this deferred payment, the Company will issue a Promissory Note in favour of the Sellers and the Company's obligation to fulfil the said payment is secured by way of a pledge over the Property pursuant to a Collateral Pledge and Escrow Agreement to be entered between the Company and the Sellers.

Both the initial payments and balance will be funded internally.

3. SALIENT TERMS OF THE SPA

The SPA is conditional upon satisfactory ownership, legal and property tax ('due diligence') review. If the Company is not satisfied with the outcome of the due diligence review, the Company may terminate the SPA upon issue of a written notice to the Sellers within the due diligence review period. The Company may also terminate the SPA for various other reasons, inter alia, inaccuracies and/or breaches of representations and warranties.

Additional terms are as follows:

- (a) Restrictions will be placed on size of boats that can be docked at the Property; and
- (b) At closing, a Collateral Pledge and Escrow Agreement will be executed as security for the Promissory Note.

Conditions Precedent

The Proposed Acquisition is conditional upon satisfactory due diligence review, independent valuation report and approval by the regulatory authorities.

Post-Completion Covenants of the Company and the Sellers

The Company's obligation to fulfil the payment of the balance Purchase Consideration over a period of 15 years pursuant to the terms and conditions of the Promissory Note. The Sellers will lease back the property as their residence at an annual rental of US\$10.00. During the leaseback period, the Group will be able to use the vacant land not occupied by the Sellers' residence as well as the berthings along the waterfront.

Completion

The completion shall take place on 12 December 2022 or 30 days from the date of the SPA.

4. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is not expected to have a material financial impact for the financial year ending 30 June 2023.

The *pro forma* financial effects of the Proposed Acquisition on the net tangible assets ("NTA") per share and earnings per share ("EPS") of the Group have been prepared based on the Company's latest audited consolidated financial statements for the financial year ended 30 June 2022 ("FY2022").

NTA per share

For the purposes of illustration only, assuming that the Proposed Acquisition had been effected on 30 June 2022, the effect of the Proposed Acquisition on the Group's NTA per share as at 30 June 2022 will be as follows:

	As at 30 June 2022	After Proposed Acquisition
NTA (S\$'000)	63,485	63,485
Number of issued shares	184,634,649	184,634,649
NTA per share (cents)	34.38	34.38

EPS

For the purposes of illustration only, assuming that the Proposed Acquisition had been effected on 1 July 2021, the effect of the Proposed Acquisition on the Group's EPS for FY2022 will be as follows:

	FY2022	After Proposed Acquisition
Net profit attributable to shareholders (S\$'000)	4,014	4,014
Weighted average number of shares	184,634,649	184,634,649
Earnings per share (cents)	2.17	2.17

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE SGX LISTING RULES

Rule 1006 of the SGX Listing Rules	Description	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not Applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not Applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	5.1% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽¹⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserve.	Not Applicable ⁽¹⁾

Notes:

- (1) The Proposed Acquisition relates to an acquisition of assets and not a disposal of assets. No equity securities were issued by the Company as purchase consideration for the Proposed Acquisition. The Company is also not a mineral, oil and gas company.
- (2) The acquired Property will generate a nominal rental income of US\$10.00 a year.

- (3) The Purchase Consideration of US\$1.9 million represents approximately 5.1% of the Company's market capitalisation of approximately S\$50,774,000 as at 17 November 2022, being the last traded market day immediately preceding the date of the SPA.

The relative figures computed on the bases set out in Rule 1006 of the SGX Listing Rules exceed 5% but do not exceed 20%, the Proposed Acquisition is a "Disclosable Transaction" pursuant to Rule 1010 of the SGX Listing Rules.

6. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction, other than through their respective directorships and/or shareholding interests, if any, in the Company.

8. DOCUMENTS FOR INSPECTION

Copies of the SPA, Promissory Note and the Pledge Agreement are available for inspection at the registered office of the Company at 21 Bukit Batok Crescent, #06-74 Wcega Tower, Singapore 658065, during normal business hours for a period of three (3) months from the date of this Announcement.

9. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) as appropriate when there are material developments to the Proposed Acquisition. The Proposed Acquisition is not expected to have a material financial impact for the financial year ending 30 June 2023.

10. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their securities in the Company as the Proposed Acquisition is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that all of the conditions precedent will be satisfied (or waived, as the case may be) or that the Proposed Acquisition will be completed. In the event that shareholders and potential investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board
GRAND BANKS YACHTS LIMITED
Chiam Heng Huat
Chief Financial Officer
21 November 2022