

## **KODA LTD**

Company Registration No. 198001299R

The Board of Directors of Koda Ltd (the “**Company**”) is pleased to announce that it has today entered into a sale and purchase agreement to acquire (the “**Acquisition**”) a 70% stake in Richin Furniture Decor Pte Ltd (“**Richin**”), a company incorporated in Singapore, for an aggregate consideration of US\$1.89 million (S\$2.99 million).

Richin is the holding company, holding the entire equity interests, of Rossano Design Company Limited (“**Rossano**”), a company incorporated in Vietnam, Ho Chi Minh City, which is engaged in the production and retail of sofa, bedroom and dining room furniture. The Directors view the Acquisition as a means to accelerate the Company’s plans to strengthen and increase its production capacity for such leather and upholstery furniture.

The balance 30% of the interests in Richin is held by Mr Ong Kah Meng, who is the general director of Rossano. The Company and Mr Ong have entered into a shareholders’ agreement to regulate the affairs of the Richin group and the relationship between the Company and Mr Ong as shareholders of Richin.

The Acquisition was completed today, with the consideration satisfied fully in cash, funded by internal resources and bank borrowings. Subsequent to the Acquisition, Richin and Rossano are now subsidiaries of the Company. The consideration was arrived at on a willing seller, willing buyer basis, taking into account the historical and forecast net profit after tax of Rossano.

Based on the management accounts as at 31 December 2005 provided by the vendor, the consolidated net tangible asset value and the consolidated net profits attributable to the equity interest acquired by the Company pursuant to the Acquisition is approximately US\$1.0 million (S\$1.58 million) and US\$0.8 million (S\$1.26 million), respectively.

The Acquisition is expected to have a positive impact on the net tangible assets per share of the Company for the financial year ended 30 June 2005, assuming that the transaction had been effected at the end of the financial year ended 30 June 2005.

The Acquisition is expected to have a positive impact on the earnings per share of the Company for the financial year ended 30 June 2005, assuming that the transaction had been effected at the beginning of the financial year ended 30 June 2005.

The Acquisition is not a transaction that requires the approval of the Company’s shareholders under the bases provided in clause 1006 of the SGX-ST Listing Manual.

Save for their shareholding in the Company, none of the directors, or as far as the Company is aware, the substantial shareholders, has any interest, direct or indirect, in the Acquisition.