

## **KODA LTD**

(Company Registration No. 198001299R)

### **Formation of New Subsidiaries**

The Board of Directors of Koda Ltd (the "**Company**") is pleased to announce that the Company has formed two new wholly-owned subsidiaries in Vietnam, Koda Saigon Company Limited ("**Koda Saigon**") and Koda Indochine Company Limited ("**Koda Indochine**").

The Company had received approval from the Director of Management Board of Long An Industrial and Processing Zones (the "**Authority**") to invest in 100% foreign-owned subsidiaries under the Foreign Investment Law of Vietnam. The authorised capital of Koda Saigon and Koda Indochine are about US\$1.8 million and US\$1.6 million respectively.

The Company has, as of to date, invested approximately US\$ 0.8 million and US\$0.6 million in Koda Saigon and Koda Indochine respectively in cash – as progress payments in connection with the purchase of the new industrial land ("**Investments**").

Both Koda Saigon and Koda Saigon will be principally engaged in manufacturing and export of furniture. Both Koda Saigon and Koda Indochine have obtained an exemption from income tax for six years commencing from its first profitable year subject to the condition that both Koda Saigon and Koda Indochine are required to export at least 50% of their goods for such tax concession to be granted.

The investments in Koda Saigon and Koda Indochine were funded through internal resources and bank borrowings.

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transactions.