

## KODA LTD

(Incorporated in the Republic of Singapore)  
Company Registration Number 198001299R

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### PROPOSED ACQUISITION OF A FREEHOLD PROPERTY TO REPLACE THE EXPIRING LEASEHOLD PROPERTY FOR THE SINGAPORE OPERATIONS

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#### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Koda Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into an Offer To Purchase (the “**OTP**”) with Wang Da Investment Pte Ltd (the “**Vendor**”) pursuant to which the Company has made an offer to purchase the Property (as defined below) in Singapore (the “**Proposed Property Acquisition**”).

#### 2. INFORMATION ON THE PROPERTY

The Property is located at 18 Tagore Lane, Singapore 787477 and has a total land area and gross floor area of 604.1 square meters and 1,185.54 square meters, respectively. It is a freehold industrial building (the “**Property**”).

#### 3. KEY TERMS OF THE OTP

The purchase consideration for the Property is S\$11,230,000 (the “**Purchase Consideration**”).

The Purchase Consideration was arrived at on a willing-buyer-willing-seller basis, after taking into account, inter alia, the market value of the Property of approximately S\$12,000,000 (based on an indicative valuation from a Singapore-based bank) and transacted prices for similar properties within the vicinity. An independent valuation report for the Property will be issued before the Completion.

The Purchase Consideration comprises:

- (a) A deposit of S\$561,500 (the “**Total Deposit**”, being 5% of the Purchase Consideration) that:
  - (i) the Company has paid an Option Fee of S\$224,600 (being 2% of the Purchase Consideration); and
  - (ii) the remaining deposit of S\$336,900 (the “**Remaining Deposit**”, being Total Deposit less Option Fee) shall be payable on or before 17 December 2021.
- (b) The remaining Purchase Consideration of S\$10,668,500 shall be payable upon Completion.

The Proposed Property Acquisition is subject to satisfactory replies being received by the Company from the Land Transport Authority of Singapore and other relevant regulatory authorities (the “**Regulatory Approval**”). If any of these replies are unsatisfactory, the Company may rescind such purchase and the Vendor shall refund the Option Fee and the Remaining Deposit (if applicable), without any interest to the Company, and thereafter neither party shall have any claims whatsoever against each other.

In the event that the Regulatory Approval is obtained, the Proposed Property Acquisition is expected to be completed on or before 16 February 2022.

#### 4. RATIONALE

The Company's existing leasehold building is located at 28 Defu Lane, Defu Industrial Park, Singapore 539424 (the "Existing Leasehold Building" or the "Existing Lease"). The Existing Lease with JTC Corporation will expire on 30 November 2023 (the "Lease Expiry Date") and there is no certainty that the Existing Lease will be renewed after the Lease Expiry Date. The Existing Lease for the land commenced in December 1978 and the Existing Leasehold Building has been used by the Company for its corporate office, furniture showroom, products design and development, workshops, stores and warehousing facilities (the "Singapore Operations").

Considering the risk of non-renewal of the Existing Lease and time required to relocate the Singapore Operations, it is thus operationally practical for the Company to terminate the Existing Lease before the Lease Expiry Date and find suitable property to replace the Existing Leasehold Building in order to minimise disruptions to the Singapore Operations. As such, the Property, upon completion of the Proposed Property Acquisition, will replace the Existing Leasehold Building for the Singapore Operations.

#### 5. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Purchase Consideration will be funded by the Group's internal resources and bank borrowings.

#### 7. FINANCIAL EFFECTS

The financial effects of the Proposed Property Acquisition on the earnings per share and the net tangible assets per share based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2020 are not expected to be material.

#### 8. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

Rule 1006 of the Listing Manual	Descriptions	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared to with the Group's net profits.	Not applicable <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	17.3% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable <sup>(5)</sup>

**Notes:**

- (1) The Proposed Property Acquisition is an acquisition of assets and not a disposal of assets.
- (2) There are no net profits attributable to the Property.
- (3) Based on the Company's market capitalization of S\$64,990,873 as at the date of this Announcement.
- (4) No equity securities are being issued by the Company as consideration for the Proposed Property Acquisition.
- (5) The Proposed Property Acquisition is an acquisition of assets and not a disposal of assets. In addition, the Company is not a mineral, oil and gas company.

As the relative figures computed on the bases set out in Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Property Acquisition constitutes a "Disclosable Transaction" under Chapter 10 of the Listing Manual. (Note: The Proposed Property Acquisition is to replace the expiring leasehold building for the Singapore Operations.)

**9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Property Acquisition, other than through their respective shareholdings (if any) in the Company.

**10. SERVICE CONTRACTS**

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Property Acquisition and no service contracts in relation thereto is proposed to be entered into by the Group.

**11. DOCUMENTS FOR INSPECTION**

A copy of the OTP in relation to the Proposed Property Acquisition can be inspected at the registered office of the Company at 28 Defu Lane 4, Defu Industrial Park, Singapore 539424, during normal business hours within three (3) months from the date of this Announcement.

**12. FURTHER ANNOUNCEMENTS**

The Company will make further announcements to update its shareholders as and when there are material updates in relation to the Proposed Property Acquisition, as may be necessary or appropriate.

**13. CAUTIONARY STATEMENT**

As highlighted in the above Note 3, the Proposed Property Acquisition is subject to the Regulatory Approval and thus there is no assurance that Proposed Property Acquisition will be completed. Shareholders and potential investors of the Company are thus advised to exercise caution when dealing or trading in the shares of the Company and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board of Directors of  
**Koda Ltd**

James Koh Jyh Gang  
Executive Chairman and Chief Executive Officer

24 August 2021