

KODA LTD

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

PROPOSED ACQUISITION OF LAND USE RIGHT BY A SUBSIDIARY

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Koda Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Koda Saigon Company Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, has entered into a Memorandum of Understanding (“**MOU**”) with Soai Rap Production Trading Company Limited (the “**Vendor**”) in relation to the proposed acquisition of Land Use Right at Lot No. 2447 & 2446, Map No.1, Long Dinh Commune, Can Duoc District, Long An Province, Vietnam (the “**Proposed Acquisition**”).

2. INFORMATION ON LAND USE RIGHT

The Land Use Right relates to an industrial land situated at Lot No. 2447 & 2446, Map No.1, Long Dinh Commune, Can Duoc District, Long An Province, Vietnam, which has an area of approximately 30,000 m² (the “**Land**”). The term of the Land Use Right is until 6 September 2061.

3. PURCHASE CONSIDERATION

The aggregate purchase consideration for the Proposed Acquisition is VND123,565,683,000 (inclusive of VAT) which is approximately US\$5,303,250 based on an exchange rate of US\$1:VND23,300 as at 11 November 2019 (the “**Purchase Consideration**”). The Purchase Consideration was arrived at on a willing-buyer-willing-seller basis, taking into account various commercial factors, including but not limited to the location of the land and current market prices of land in the surrounding vicinity.

The Purchase Consideration will be satisfied in the following manner:

- (i) a deposit of VND12,356,568 representing 10% of the Purchase Consideration on the date of the execution of the MOU but no later than 15 November 2019; and
- (ii) the Purchase Consideration shall be paid in four (4) instalments when certain milestones in connection with the Proposed Acquisition are reached or achieved.

4. RATIONALE

The Group is proposing to acquire the Land Use Right (which is situated approximately 2 kilometres to the Group’s current properties in Vietnam) to potentially (i) increase dedicated production lines for upholstery furniture and mixed-materials production, and (ii) expand store and warehousing capacity for supply chain efficiency.

5. VALUE OF LAND USE RIGHT

The Group will be commissioning a valuation of the Land through an independent valuer.

6. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

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

7. FINANCIAL EFFECTS

The financial effects of the Proposed 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 2019 are not material.

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

Rule 1006 of the Listing Manual	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 to with the Group's net profits.	Not applicable ⁽²⁾
(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.	14.1% ⁽³⁾
(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 ⁽⁴⁾
(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 ⁽⁵⁾

Notes:

- (1) The Proposed Acquisition is an acquisition of assets and not a disposal of assets.
- (2) There are no net profits attributable to the Land Use Right.
- (3) The Purchase Consideration of VND123,565,683,000 which is approximately US\$5,303,250 based on an exchange rate of US\$1:VND23,300 as at 11 November 2019 represents approximately 14.1% of the Company's market capitalisation of approximately US\$37,616,500 as at the date of this Announcement.
- (4) No equity securities are being issued by the Company as consideration for the Proposed Acquisition.
- (5) The Proposed Acquisition is an acquisition of assets and not a disposal of assets. The Company is also 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 Acquisition constitutes a "Discloseable Transaction" under Chapter 10 of the Listing Manual.

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 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 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 MOU in relation to the Proposed Acquisition be inspected at the registered office of the Company at 28 Defu Lane 4, Singapore 539424, during normal business hours for three (3) months from the date of this Announcement.

12. FURTHER ANNOUNCEMENTS

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

13. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing or trading in the shares of the Company. In particular, shareholders and potential investors of the Company should note that there is no assurance that any transactions mentioned in this Announcement will materialise. Shareholders and potential investors 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
Koda Ltd

James Koh Jyh Gang
Managing Director

14 November 2019