KODA LTD

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

PROPOSED DISPOSAL OF SUBSIDIARIES

---

1. Introduction

The Board of Directors of the Company wishes to announce that the Company (with its subsidiaries, the "**Group**") has, on 1 September 2015 entered into a memorandum of understanding (the "**MOU**") with Ong Kah Meng (the "**Purchaser**") for the disposal of the Group's entire interests in Richin Furniture Decor Pte. Ltd. ("**Richin**") and Rossano Joint Stock Company ("**Rossano**") (collectively, "**Rossano Group**") (the "**Proposed Disposal**"). Further to the signing of the MOU, the Company and the Purchaser (collectively, the "**Parties**") will enter into a definitive sales and purchase agreement (the "**SPA**") within 30 days from the date of the MOU.

2. Information on the Assets to be disposed of and Rationale for the Proposed Disposal

Richin is a private limited company incorporated in Singapore with an issued and paid up share capital comprising 250,000 ordinary shares. The Company holds 175,000 ordinary shares of Richin, representing 70% of its entire issued and paid up share capital. The other 30% of the interest in Richin is held by the Purchaser. Richin is an investment holding company.

Rossano is a private company incorporated in Ho Chih Minh City, Vietnam with a registered capital comprising 3,600,000 ordinary shares. The Company holds 1,260,000 ordinary shares of Rossano, representing 35% of its registered capital. The other shareholders of Rossano are Richin, which holds 1,8000,000 ordinary shares of Rossano representing 50% of its registered capital, and the Purchaser, who holds 540,000 ordinary shares of Rossano representing 15% of its registered capital. Rossano is principally engaged in the retailing and manufacturing of leather and upholstery furniture.

Accordingly, the Company is effectively interested in 70% of the registered capital of Rossano. Following the completion of the Proposed Disposal (the "**Completion**"), both Richin and Rossano will cease to be subsidiaries of the Group.

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 June 2015 ("**FY2015**"), the net tangible liabilities value attributable to Rossano Group is approximately US$0.77 million, and the net loss attributable to Rossano Group is approximately US$0.25 million (for FY2015).

The Rossano Group has been loss-making for the last three consecutive financial years ended 30 June 2015, and has accumulated losses of approximately US$0.66 million based on the unaudited financial statements as at 30 June 2015. As at the date of the MOU, the Rossano Group owes the Company approximately US$0.25 million (the "**Intercompany Debt**"). The Company believes that the Proposed Disposal of the loss-making Rossano Group will allow the Group to streamline its structure and to reduce its fixed operating costs.

3. Consideration, material terms and conditions of the Proposed Disposal

The consideration for the Proposed Disposal is US$1.00 (equivalent to approximately S$1.41) (the "**Consideration**"), and shall be satisfied by the Purchaser in cash.

The Consideration was arrived at arm's length and on a willing buyer, willing seller basis, after taking into account the unaudited net liabilities value of the Rossano Group of approximately US$0.77 million as at 30 June 2015, which includes the accumulated losses of approximately US$0.67 million.

The Parties have agreed that, further to the Completion (which shall take place no later than 30 October 2015), the Company shall waive up to US$0.25 million of the Intercompany Debt.

Further terms and conditions of the Proposed Disposal will be set out in the SPA. The Company will announce the execution of the SPA and the material terms and conditions thereof as may be necessary in due course.

The Consideration represents an excess of approximately US$0.77 million over the book value of Rossano Group, and represents a gain of approximately US$0.52 million upon disposal (after offsetting the value of the Intercompany Debt written off).

(All conversions between US$ and S$ in this announcement are based on an exchange rate of US$1:00:S$1.41 as at 1 September 2015.)

4. Relative Figures for the Proposed Disposal

The relative figures computed on bases as set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), and based on the latest announced unaudited consolidated financial statements of the Group for FY2015, are as follows:

(a)	Net liabilities value of the Rossano Group, being approximately US$0.77 million, compared with the Group's net asset value of approximately US$21.9 million. This basis is not applicable to an acquisition of assets.	N.M.[(1)]
(b)	Net loss of US$0.25 million attributable to the Rossano Group, compared with the Group's net profit of approximately US$0.42 million.	N.M.[(2)]
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.[(3)]	0.00001%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.[(4)]
(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 reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	N.A.[(5)]

NOTES:

(1) Not meaningful as the Rossano Group has a negative net asset value of approximately US$0.77 million, which includes accumulated losses of approximately US$0.67 million as at 30 June 2015.
(2) Not meaningful as the Rossano Group is loss-making and the Group has reported a net profit for FY2015.
(3) Based on the consideration of US$1.00 and the market capitalization of the Company of approximately S$10.9 million as at 31 August 2015 (being the full market day immediately preceding the date of the MOU). Under Rule 1002(5), the market capitalization of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 136,513,397 ordinary shares, and the volume weighted average price of S$0.08 per share on 31 August 2015.
(4) Not applicable. This is not an acquisition.
(5) Not applicable. The Company is not a mineral, oil and gas company.

As the relative figures computed on the applicable bases as set out in Rule 1006(c) of the Listing Manual amounts to less than 5%, the Proposed Disposal is not a discloseable transaction for the purposes of the Listing Manual.

5. Financial Effects of the Proposed Disposal

The pro forma financial effects below have been prepared on the unaudited financial statements of the Group for the financial year ended 30 June 2015 ("**FY2015**") and are strictly for illustration purposes.

Net Tangible Assets ("**NTA**") per share

Assuming that the Proposed Disposal had been completed on 30 June 2015 and based on the audited financial statements of the Company for FY2015, the pro forma financial effects which the Proposed Disposal would have on the NTA per ordinary share of the Company ("**Share**") are as follows:

	Before Proposed Disposal	After Proposed Disposal
NTA (US$'000)	21,923	22,212
Number of Shares	136,513,397	136,513,397
NTA per Share (US cents)	16.1	16.3

Earnings per Share ("**EPS**")

Assuming that the Proposed Disposal had been completed on 1 July 2014 and based on the unaudited consolidated financial statements of the Group for FY2015, the pro forma financial effects which the Proposed Disposal would have on the EPS are as follows:

	Before Proposed Disposal	After Proposed Disposal
Profit attributable to Shareholders (US$'000)	424	724
Number of Shares	136,513,397	136,513,397
Earnings per Share (US cents)	0.31	0.53

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Group after completion of the Proposed Disposal.

6. Interests of Directors and Controlling Shareholders

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

7. Further updates

The Company will make such further announcements and/or updates in relation to the Proposed Disposal, including the execution of the SPA, in due course and in compliance with the Listing Manual.

8. Documents Available for Inspection

A copy of the MOU is available for inspection during normal business hours at the registered office of the Company at 28 Defu Lane 4, Singapore 539424 for a period of three (3) months from the date of this announcement.

By Order of the Board
Koda Ltd

James Koh Jyh Gang
Managing Director
2 September 2015