

KODA LTD

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

SHAREHOLDERS' AGREEMENT ENTERED INTO BETWEEN COMMUNE (DONGGUAN) TRADING CO., LTD AND HE RUYI

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Koda Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 17 July 2019 in relation to the signing of a non-binding memorandum of understanding (the "**Previous Announcement**").
- 1.2 Further to the Previous Announcement, the Board wishes to announce that its wholly-owned subsidiary, Commune (Dongguan) Trading Co., Ltd ("**Commune (Dongguan)**"), had on 14 August 2019 entered into a shareholders' agreement ("**SHA**") with Mr He Ruyi ("**HRY**") in respect of a proposed investment cooperation (the "**Proposed Investment Cooperation**").
- 1.3 Pursuant to the terms and conditions of the SHA, the Proposed Investment Cooperation involves, among others, the incorporation of a company in the People's Republic of China (the "**PRC**") under the name "重庆康家宜居贸易有限公司" (Commune (Chongqing) Trading Co., Ltd.) (the "**NewCo**") to operate furniture retail stores and manage the distribution supply chains in Chongqing and Chengdu, PRC.
- 1.4 As each of the relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") is less than 5%, the Proposed Investment Cooperation is a "non-disclosable transaction" for the purposes of Chapter 10 of the Listing Manual of the SGX-ST.

2. INFORMATION RELATING TO THE INVESTMENT COOPERATION PARTNER

HRY is a citizen of the PRC and is domiciled in Changzhuang Team, Qiaoyuan Village, Sanyuan Town, Liu'an, Anhui Province, PRC. He is an existing authorised dealer of Commune (Dongguan) operating 2 furniture retail stores in Chongqing, PRC.

3. RATIONALE FOR THE PROPOSED INVESTMENT COOPERATION

The Directors are of the view that the Proposed Investment Cooperation is in line with the Group's expansion plans in the PRC. The Directors believe that the Proposed Investment Cooperation is in the best interests of the Group for the following reasons:

- (a) Chongqing and Chengdu have been identified by the Group as regions in the PRC with high-growth potential;
- (b) The Proposed Investment Cooperation is in line with the Group's plans to expand its business into regions in the PRC with high-growth potential; and
- (c) The Proposed Investment Cooperation will allow the Group to directly operate stores in the Chongqing and Chengdu regions in the PRC.

4. PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT

4.1 Capital Contribution

4.1.1 The NewCo shall have an initial capital contribution of RMB 2,000,000 (the "Initial Capital Contribution") in the proportions as set out in the table below:

Shareholder	Percentage of Capital Contribution	Initial Capital Contribution
Commune (Dongguan)	50%	RMB 1,000,000
HRY	50%	RMB 1,000,000
Total	100%	RMB 2,000,000

4.1.2 Commune (Dongguan)'s Initial Capital Contribution shall be satisfied in cash and HRY's Initial Capital Contribution shall be satisfied by a transfer of the legal and beneficial ownership, including all economic interest in respect thereof, of the following furniture retail stores legally and beneficially owned by HRY:

- (a) The Hongxing retail store (红星店) located at the first floor, Red Star Macalline EXPO Home Living Plaza, Yubei District, Chongqing, PRC; and
- (b) The Juran retail store (居然店) located at the first floor, Jinyuan Store of Easy Home, 368 Beibin Road, Jiangbei District, Chongqing, PRC,

(collectively, the "HRY Furniture Retail Stores").

Commune (Dongguan)'s Initial Capital Contribution will be funded through internal resources, and was arrived at taking into account, *inter alia*, identifiable assets and the past performance of the HRY Furniture Retail Stores.

4.2 Responsibilities of the Investment Cooperation Partners

Commune (Dongguan) shall be responsible for providing strategic direction and where necessary, resources to support the operations of the NewCo and HRY shall be responsible for overseeing the day-to-day operations of the NewCo.

4.3 Non-compete and Non-Solicitation

Subject to the terms and conditions of the SHA, HRY undertakes to Commune (Dongguan), and also for the benefit of the NewCo, that HRY will not for his own account or for that of any person, firm or company (other than the NewCo) throughout the term of the SHA and for a period of 12 months from the date HRY ceases to be a shareholder in the NewCo and in the territories the NewCo operates its business:

- (a) own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected in any manner with, any business of the type and character engaged in and/or competitive with that conducted by the NewCo;

- (b) persuade or attempt to persuade any potential customer or client to which the NewCo has made a presentation, or with which the NewCo has been in negotiations or having discussions, not to deal with or hire the NewCo or to deal with or hire another company;
- (c) solicit for himself or any person other than the NewCo the business of any supplier, customer or client of the NewCo, or was the NewCo's supplier, customer or client within 6 months prior to the date on which he ceases to be a shareholder in the NewCo; or
- (d) persuade or attempt to persuade any employee of the NewCo, or any individual who was an employee during the 6 months prior to the date on which he ceases to be a shareholder in the NewCo, to leave the NewCo's employ, or to become employed by any person other than the NewCo.

4.4 Governing Law

The SHA shall be governed by, and construed in accordance with, the laws of PRC.

5. FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT COOPERATION

The Proposed Investment Cooperation is not expected to have a material impact on the consolidated net tangible assets per share and the consolidated earnings per share of the Group for the current financial year ending 30 June 2020.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Investment Cooperation, other than through their respective shareholdings in the Company, if any.

By Order of the Board
Koda Ltd

James Koh Jyh Gang
Deputy Chairman and Managing Director

14 August 2019