



PRESS RELEASE

SGX-LISTED KODA LTD EXPANDS PRODUCTION CAPACITY IN VIETNAM BY 20%

- **New factory in line with the Group's regional expansion strategy**
- **Group's fifth factory in Vietnam to boost capacity by approximately 20% when it turns operational in the first half of 2005**

Singapore, 15 July 2004 – SGX-listed **Koda Ltd**, a homegrown original design manufacturer (“ODM”) and global furniture exporter announced, today that it would expand its production capacity in Vietnam by 20% by acquiring an adjoining factory for approximately US\$1.7 million (some S\$2.9 million) to meet the increasing demand of its premium-range products.

Under the lease-to-own financing arrangement, Koda will take over the factory in Ho Chi Minh City with a combined land area of about 90,000 square feet that houses a factory measuring some 28,000 square feet and an office of 6,500 square feet. The Group built its first factory in Vietnam in 2000 and with the new investment, the Group will have a total of five purpose-built factory buildings in Vietnam with a total built-up area of approximately 120,000 square feet.

The acquisition is in line with the Group's regional expansion strategy to meet increasing demand cost-effectively. The new factory is scheduled to be functional by the first half of 2005 and is expected to boost Koda's total production capacity by some 20%. The new factory will produce dining sets and upholstered beds, given continued strong demand and good market reception to the Group's products.

Apart from Vietnam, the Group also has production facilities in Johor, Malaysia, and a corporate office in Singapore, which serves as the Group's international business headquarters. The Group's operations in Vietnam currently account for some 50% of Koda's total production capacity and this is projected to increase gradually to some 60% by first half of 2005.

Said Mr. James Koh, Deputy Chairman and Managing Director of Koda: “The response we received for our new range of products during recent international trade fairs has been very encouraging on the back of more focused marketing. In response to the strong order trend from our existing and newly acquired customers, we decided to continue to ramp up our production capacity in Vietnam, leveraging on the lower costs and attractive tax concessions there.

“While we continue to expand our Vietnam operations, we plan to keep our Malaysian manufacturing base for production of less labour-intensive products which is a proven base for our research and development. Our new factory in Vietnam is ideally located as it is adjoining to our current production facilities thereby facilitating more efficient work flows logistically.”

The Group announced in May it has acquired fresh orders of S\$6.0 million during international trade fairs held in Koln (Germany), Birmingham (England), Singapore and Kuala Lumpur (Malaysia), from clients including well-established high-profile lifestyle retailers such as Marks & Spencer in UK, Crate & Barrel in USA and Freedom in Australia. Order book as at 24 May 2004 was US\$11.7 million (S\$20 million) for delivery within four months.

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About Koda Ltd

Listed on the SGX Sesdaq, Koda is a leading original design manufacturer of furniture to the world, specialises in producing ready-to-assemble dining room furniture, matching themed bedroom furniture, lounge, patio & garden and accessories with more than 150 customers located in over 60 countries. Koda's product has been premium-priced and it has since successfully broken into another higher-priced segments with its range of upholstered leather, fabric and oaks products targeted at middle and upper-middle class household.

Koda has manufacturing facilities in Malaysia and Vietnam and the Group has been actively relocating and expanding into lower cost Vietnam to improve profit margins. As compared to the first half of financial year ended 30 June 2003 ("1H03"), the Group's turnover rose sharply by 61.4% or S\$10.7 million to \$28.2 million. For the same period, Net Profit increased by 52.9% or \$0.7 million to \$2.0 million.
