

KODA LTD

PROPOSED SALE OF PROPERTY BY VIETNAM SUBSIDIARY

INTRODUCTION

1. The Board of Directors of Koda Ltd (the “**Company**”) wishes to announce that its wholly-owned subsidiary, Koda International Co., Ltd (“**Koda International**”) has executed the following:
 - an agreement with Phuong Dong Pharmaceutical Corporation relating to the sale of a piece of industrial land at Lot 68, 2 Street, Tan Tao Industrial Park, Binh Tan District, HCM City, Vietnam (“**Property 1**”) for a consideration of US\$0.8 million.
 - an agreement with Dong Duong Steel Co., Ltd relating to the sale of the a piece of industrial land at Lot 3, 1A Street, Tan Tao Industrial Park, Binh Tan District, HCM City, Vietnam and the factory building erected thereon (“**Property 2**”) for a consideration of approximately US\$1.2 million.

Collectively known as the “**Properties**”

Agreements relating to the sale of Property 1 and Property 2 are expected to be completed before 15 July 2009.

RATIONALE

2. As previously announced, the Group has invested in additional land and factory buildings at Ben Luc District, Long An Province (the “**New Properties**”) under its progressive expansion plans in Vietnam. Earnings derived from the expansion plans enjoy a 6-year tax holiday. The Management has since relocated the related production lines from Property 2 to the New Properties to enhance operational efficiencies, notably for logistics-related management. The New Properties have also obtained factory-audit certification from the Group’s major US buyers and are thus ready for larger scale of commercial production;
3. Property 1 is currently a vacant lot – the Group did not develop the land – while Property 2 accounts for a small part of the Group’s production capacity in Vietnam. As a result of wear-and-tear, the Group expects to incur additional repairs and land leveling costs of some US\$0.2 million within the next 6 to 12 months should Property 2 continue to be in operational use by the Group;
4. The sale of the Properties, if proceeded with, will generate net cash inflows for the Group which may be utilised for general working capital purposes or to fund stage-2 expansion plans in Vietnam in the future.

5. The above mentioned disposals of the Properties are in line with the Group's prudent asset management policy which emphasizes on "Return on Productive Asset".

CONSIDERATION

6. The aggregate selling price of approximately US\$2.0 million was arrived at on a willing buyer-willing seller basis and is to be fully satisfied in cash.

MATERIAL CONDITIONS

7. The sales of Property 1 and Property 2 are subject to obtaining final clearance from Tan Tao IZ Corporation and Tan Tao Plants and Offices Business Services Exploration Company respectively.

VALUATION

8. A valuation was carried out on both Property 1 and Property 2 on 20 May 2008 by Savills Vietnam Co., Ltd which valued Property 1 at US\$0.66 million and Property 2 at US\$1.22 million on Market Value basis.

EXCESS OF PROCEEDS OVER BOOK VALUE

9. Based on the net book value of the Properties as at 31 March 2009, and after taking into account the estimated transaction costs, the Group expects to realise a profit of approximately US\$0.4 million from the proposed sale of Properties. The Properties were recorded in the books at historical cost less depreciation.

FINANCIAL EFFECTS

10. (a) Earnings Per Share ("EPS")

Assuming that the proposed sale of the Properties had been completed at the beginning of the financial year ended 30 June 2008, the proposed sale of the Properties would have a positive impact on the EPS of the Company for the financial year ended 30 June 2008.

(b) Net Tangible Assets ("NTA")

Assuming that the proposed sale of the Properties had been completed at the end of the financial year ended 30 June 2008, the proposed sale of Properties is expected to have a positive impact on the NTA per share of the Company for the financial year ended 30 June 2008.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

11. None of the Directors and the controlling shareholders of the Company has any interest, direct or indirect, in the proposed sale of the Properties.

RULE 1006 OF THE LISTING MANUAL

12. The proposed sale of the Properties constitutes a discloseable transaction by the Company under Chapter 10 of the Singapore Exchange Securities Trading Limited's Listing Manual (the "**Listing Manual**").
13. The relative figures as computed on the following bases set out in clause 1006 of the Listing Manual based on the unaudited consolidated financial statements of the Group for the financial year ended 31 March 2009 are as follows:
 - (i) Rule 1006(a) – Net Book Value of the Properties compared with the Group's Net Asset Value is approximately 4.7%;
 - (ii) Rule 1006(b) – This basis would not be applicable to the proposed sale as the Properties are occupied by the Group and thus no profits (i.e rental income) are derived from the Properties;
 - (iii) Rule 1006(c) – The aggregate value of the consideration represents approximately 9.0% of the Company's market capitalization (based on the last traded price of the Company's shares transacted on 16 June 2009);
 - (iv) Rule 1006(d) – This is not applicable to the proposed sale of the Properties.
14. None of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceed 20%. As such, shareholder's approval will not be required for the sale of the Properties.

On behalf of the Board
James Koh Jyh Gang