

KODA LTD

(Incorporated in the Republic of Singapore on 17 April 1980)
(Company Registration Number 198001299R)

RESPONSE TO SGX QUERIES

The Board of Directors (the “**Board**”) of Koda Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 27 May 2014, with reference to the Company’s announcement on 23 May 2014 on the appointment of Mr Koh Zhu Xian Joshua (“**Mr Koh**”) as the Chief Financial Officer of the Company, as follows:

Question 1: Please provide specific elaboration on the track records, experiences and capabilities of Mr Koh that the Board considered as valuable and why this is sufficient for his role as the Chief Financial Officer of a listed company.

Mr Koh had previously served as the financial controller of Koda Ltd, assisting the then-Group CFO in managing various strategic plans, operational restructuring and other financial aspects of the Group’s business. These roles were performed under specific guidance from the then-Group CFO, which had helped him to enhance his work experience as a financial professional. He also held extensive discussions with the Independent Directors of the Company, who are financially-trained corporate veterans. Other specific details of the scope of works and responsibilities of Mr Koh, following the appointment of Mr Darren Tan (“**Mr Tan**”) as Financial Controller, now includes more operational and strategic aspects of the Group’s business such as products costing analysis, product pricing strategy, segmental profit review, productivity measurement, business units performance monitoring and other extensive roles in factory operational restructuring exercises in addition to financial reporting and financial management. He is also responsible for factory resource allocation and factory capacity planning (including vertical integration opportunities) as part of his strategic roles.

Prior to joining Koda Ltd, Mr Koh started off his career as a financial analyst at Bloomberg LLP – an important site for financial news – where he was involved in performing internal financial analysis for various listed companies that helped to develop necessary financial analytical skills. These skills are important and relevant to his current roles. He had also previously taken on an active operational role in overseeing Vietnam operations, the Group’s largest manufacturing facilities, which has helped him to understand the furniture manufacturing process better. Mr Koh holds a Bachelor of Commerce Degree majoring in Accounting and Finance and has an MBA from INSEAD and is currently an associate member of CPA Australia.

In approving the appointment of Mr Koh as CFO, while the Board has considered the professional qualifications and suitability of Mr Koh, the Board also recognises the importance of having a top management succession plan and the promotion of Mr Koh to his current role forms part of the succession planning initiatives recently undertaken by the Board of Directors. These succession plans include the recent appointment of Mr Wong Se Sun (who is not a relative of the Executive Directors and key management personnel of the Company) as Executive Officer & Manufacturing Director and Mr Tan (who is not a relative of the Executive Directors and key management personnel of the Company) as Executive Officer & Financial Controller, as well as the appointment of other family members such as Julian Koh and Gan Shee Wen as Head of Design and Vice President, Marketing respectively.

Question 2: Given the extensive familial relationships that exist in the key management of the Company, please provide details of internal controls that are put in place to ensure that the Principle 11 of the Code of Corporate Governance is adhered to.

The Board has recently approved the appointment of Mr Tan (who is not a relative of the Executive Directors and key management personnel of the Company) as Financial Controller (as announced by the Company on 23 May 2014). Mr Tan is, as Financial Controller, now responsible for financial reporting of and internal control matters for the Group. While Mr Tan is expected to work closely with the CFO, Mr Tan has direct access to the Audit Committee and he is authorised to discuss any financial compliance matters with the Chairman of the Audit Committee directly. He also speaks and deals with the external auditors in relation to such financial reporting and internal control compliance matters. The Company has also appointed Messrs Yang Lee & Associates as the independent internal auditor to review the Group's internal control system, which reports to the Audit Committee directly. The Internal Auditor has unfettered access to all documents, reports, records and management information systems of the Company. The Board believes that the check-and-balance mechanism is in place with the active involvement of Mr Tan in financial reporting and internal control compliance matters such that matters will be independently reviewed and assessed by the Chairman of the Audit Committee and external professionals. The Chairman of the Audit Committee will also meet Mr Tan separately and regularly without the presence of other relatives of the Executive Directors and key management personnel of the Company. These control procedures are implemented together with a whistle-blowing policy duly endorsed by the Audit Committee, which has been made known and explained by way of circular to all employees of the Company and its subsidiaries.

Meanwhile, the Nominating and Remuneration Committee and the Board are in the midst of evaluating and appointing another independent director, who is a professional accountant, as a member of the Audit Committee.

BY ORDER OF THE BOARD
Koda Ltd

James Koh Jyh Gang
28 May 2014