

CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

Company Registration No. 179492

**RESPONSE TO SGX'S QUERIES ON THE RESIGNATION OF
ALL INDEPENDENT DIRECTORS**

The Board of Directors (the “**Board**” or the “**Directors**”) of Cacola Furniture International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 31 March 2017 and 3 April 2017 in relation to the Resignation of Independent Directors.

The Singapore Exchange Securities Trading Limited (“**SGX**”) has on 11 April 2017 requested the Company to provide further information in respect of the Resignation of Independent Directors Announcement. The queries by the SGX and the Company’s answers are set out below.

SGX Queries:

- 1) **The Company was issued a delisting notification under Listing Rule 1306 on 3 March 2017 and required to make an exit offer. The Independent directors are required to review the terms of the delisting proposal including the exit offer, carefully consider the advice of the Independent Financial Adviser on the exit offer and provide their recommendation to shareholders on the exit offer. The Company or its controlling shareholder(s) has not provided an update on the exit offer proposal. Please:**
 - (i) **provide an update from the Board on the timing for the exit offer. Please include the timeline and the milestones for the exit offer;**
 - (ii) **explain why its 3 former independent directors, Lau Kay Heng (Lead ID), Tan Kay Hock and Fan Cheuk Si, are of the view that the Company can make the exit offer without any independent directors/Audit Committee opining of the reasonableness of the terms of the exit offer; and**
 - (iii) **how the board will ensure that there is an Audit Committee to appoint the independent financial advisor to advise on the exit offer and to ensure that the exit offer is in compliance with Listing Rule 1309.**

**Company's
Response**

: (i)
The Board wishes to inform the shareholders that the Company is not presently able to provide any exit offer. The Company is actively engaged in looking for reasonable buyers for their China business and will inform shareholders if such opportunity arises. However due to the delisting status that the Company is in there is no guarantee that there will be a buyer.

(ii)
At no time have the Independent Directors taken the view nor expressed any view that the Company could make an exit offer without any independent directors or Audit Committee opining on the reasonableness of the terms of the exit offer. It has come to the Independent Directors' understanding that currently there is no exit offer to be put forth.

(iii)
The Board wishes to inform the shareholders that the Company is not presently able to provide a exit offer. However, the company is looking for suitable candidates as replacement for the resigned Independent Directors to form an Audit Committee if there is any exit offer.

2) All 3 of the Company's Independent Directors ("IDs"), namely Lau Kay Heng (Lead ID), Tan Kay Hock and Fan Cheuk Siu, resigned en-mass from the Company on 31 March 2017 and all quoted a similar reason for resignation "(d)ue to work commitments". Noting that the Company does not have any IDs following the resignations of the IDs, please:-

- i) Explain how the 3 IDs have fulfilled their fiduciary duties and acted in the best interests of the Company and its shareholders by resigning en-mass on 31 March 2017, instead of waiting until the delisting of the Company, which is imminent;**
- ii) Please elaborate how each of the 3 IDs have performed their fiduciary duties by ensuring that an exit offer has been made as required under Listing Rule 1309, in view of the imminent delisting of the Company;**
- iii) Elaborate specifically on each of the new "work commitments" of the three IDs that led to their resignations at this point in time even though they are aware that the Company is just about to be delisted shortly. Were there any additional responsibilities that they took on recently? If yes, please provide details of these additional responsibilities and the dates that these commitments were taken on;**
- iv) Steps taken by the Company to retain the IDs until the completion of the exit offer; and**
- v) Disclose when the Company will appoint new IDs to look after the interest of the Company and its shareholders for the purpose of the exit offer and delisting.**

- Company's Response** : (i)
The Board is not able to opine on whether the former independent directors have fulfilled their fiduciary duties and whether they have acted in the best interest of the Company and its shareholders. However, the Board is of the view that the former 3 independent directors have been on the board for a period of time. The Board believes that all directors have placed their highest standard of care in fulfilling their roles as independent directors.
- (ii)
The Board would like to draw the attention of the Shareholders to the Company's announcements dated 3 April 2017 and 31 March 2017.
Each of the Independent Directors had resigned citing personal and other work commitments as their reason for resignation. The former Independent Directors would like to clarify that they each resigned on their own accord and there were no "en-mass" resignation.
- (iii)
The Board is in search of independent directors, as the Company is at the stage of being delisted, this may be difficult and there is no definitive timetable available. However, the Board will keep the Shareholders informed.
- (iv)
As there is no exit offer currently, the Company was unable to retain the Independent Directors.
- (v)
The Board is in search of independent directors, as the Company is at the stage of being delisted, this may be difficult and there is no definitive timetable available. However, the Board will keep the Shareholders informed.

BY ORDER OF THE BOARD

ZHOU MIN ZONG
CHIEF EXECUTIVE OFFICER

19 April 2017