

CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

Company Registration No. 179492

PROPOSED PLACEMENT OF 141,777,778 NEW ORDINARY SHARES IN THE CAPITAL OF CACOLA FURNITURE INTERNATIONAL LIMITED

1. INTRODUCTION

The board of directors (the "**Board**") of Cacola Furniture International Limited (the "**Company**") and together with its subsidiaries (the "**Group**") wishes to announce that the Company has on 5 January 2017 entered into a subscription agreement ("**Subscription Agreement**") with the subscribers listed in the table as set out in paragraph 2.3 below ("**Subscribers**"), pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers, 141,777,778 new ordinary shares in the capital of the Company ("**Subscription Shares**") at an issue price of S\$0.0045 per Subscription Share ("**Issue Price**"), amounting to an aggregate consideration of S\$638,000, subject to and upon the terms of the Subscription Agreement ("**Proposed Placement**").

The Proposed Placement is non-underwritten and there is no placement agent appointed for the purposes of the Proposed Placement. The Proposed Placement is to be undertaken by way of a private placement pursuant to Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the allotment and issue of the Subscription Shares.

2. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

2.1 Issue Price

The Issue Price represents a premium of approximately 12.5% to the volume average weighted price of the Company's shares ("**Shares**") of S\$0.004 based on trades done on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 5 January 2017, being the full market day on which the Subscription Agreement was signed.

2.2 Subscription Shares

The Subscription Shares are to be issued pursuant to the general share issue mandate given by shareholders of the Company ("**Shareholders**") at the annual general meeting of the Company held on 1 April 2016 ("**2016 AGM**") ("**General Mandate**").

The General Mandate authorises the Board to allot and issue new Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) as at the date of the 2016 AGM, of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued Shares (excluding treasury shares) as at the date of the 2016 AGM. As at 1 April 2016, the Company had 709,013,304 Shares in issue. Accordingly, the total number of shares that may be issued pursuant to the General Mandate is 354,506,652 Shares, of which the maximum number of Shares to be issued other than

on a pro rata basis is 141,802,660.

As such, the proposed allotment and issuance of 141,777,778 Subscription Shares will fall within the limits of the General Mandate.

The Subscription Shares represent approximately 8.37% of the existing issued and paid-up share capital of the Company comprising 1,693,386,950 Shares ("**Existing Share Capital**") and approximately 7.73% of the enlarged issued and paid-up share capital comprising 1,835,164,728 Shares ("**Enlarged Share Capital**") upon completion of the Proposed Placement.

The Subscription Shares shall be issued free from all claims, pledges, mortgages, charges, liens and other encumbrances whatsoever and shall rank pari passu in all respects with and carry all rights similar to the existing Share(s), except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of completion of the Proposed Placement.

2.3 Information on the Subscribers

The details of the Subscribers, including the respective number of Subscription Shares to be allotted and issued to each of the Subscribers, are as follows:

S/N	Name of Subscriber	Number of Subscription Shares	Details on how the Subscriber was identified	Rationale for the Subscriber's subscription of the Subscription Shares	Background information on the Subscriber
1.	Kho Kok Leong (Xu Guoliang)	22,222,222 which is approximately 15.7% of the total number of Subscription Shares	Introduced by Max Goh, partner of Meyzer Business Advisory	Private investor who has invested in the Proposed Placement for investment purposes	Business owner of an engineering company in Singapore.
2.	Tan Thiam Chye	22,222,222 which is approximately 15.7% of the total number of Subscription Shares	Introduced by Max Goh, partner of Meyzer Business Advisory	Private investor who has invested in the Proposed Placement for investment purposes	Business owner a company in Asia dealing in fast moving consumer goods.
3.	Poh Boon Kher Melvin (Fu Wenke Melvin)	66,666,666 which is approximately 47% of the total number of	Introduced by Max Goh, partner of Meyzer Business	Private investor who has invested in the Proposed Placement for	Business owner of a property development company in

		Subscription Shares	Advisory	investment purposes	Singapore.
4.	Wang Weijun	30,666,667 which is approximately 21.6% of the total number of Subscription Shares	Introduced by the CEO of the Company	Private investor who has invested in the Proposed Placement for investment purposes	Works in the banking sector in China.

No commission is payable in connection with the Proposed Placement.

The Subscribers are investors who have no connection (including business relationships) with the Company, its directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing Shares to, as provided by Rule 812 of the SGX-ST Listing Manual. The Subscribers expressed interest to separately invest in the Company and the Company agreed to place the Subscription Shares to them.

As at the date of this announcement, none of the Subscribers hold any Shares in the Company. Upon completion of the Proposed Placement, none of the Subscribers will hold more than 5.0% of the Enlarged Share Capital. The Proposed Placement would not result in any transfer of controlling interest in the Company. Under the Subscription Agreement, each Subscriber has warranted to the Company that he does not fall within the class of restricted persons to whom placements must not be made by the Company pursuant to Rule 812(1)(a) to (d) of the Listing Manual.

To the best of the Company's knowledge, there is no agreement, arrangement or understanding between any of the Subscribers or any Shareholder to acquire Shares to obtain or consolidate effective control of the Company, and the Subscriber is not a party acting in concert with any Shareholder, as defined in The Singapore Code on Takeovers and Mergers. No Share borrowing arrangement has been entered into to facilitate the Proposed Placement and the Subscribers are not holding the Subscription Shares in trust or for the benefit of any other person or company.

2.4 Conditions Precedent

Completion of the Proposed Placement is conditional upon, *inter alia*:

(a) the listing and quotation notice from the SGX-ST for the listing and quotation of the Subscription Shares on the Mainboard being obtained from the SGX-ST and not having been revoked or amended, and where such notice is subject to conditions, to the extent that any conditions for the listing and quotation of the Subscription Shares on the Mainboard are required to be fulfilled on or before the completion date of the Subscription Agreement, they are so fulfilled;

(b) the allotment, issue and placement of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company; and

(c) there having been, as at the completion date of the Subscription Agreement, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the warranties contained in the Subscription Agreement if they were repeated on and as of such completion date.

If any of the conditions is not satisfied and if the issuance and allotment of the Subscription Shares is not completed on or before 14 February 2017 or such other date as the Company and the Subscribers may agree, the Proposed Placement will not proceed.

2.5 Completion

Completion is scheduled to take when the conditions precedent in the Subscription Agreement have been satisfied or otherwise waived in writing by the relevant parties.

2.6 Additional Listing Application

The Company will be submitting an application to the SGX-ST for the listing of and the quotation for the Subscription Shares on the Mainboard. The Company will make the necessary announcement(s) once the listing and quotation notice for the Subscription Shares on the Mainboard has been obtained from the SGX-ST.

3. PURPOSE OF ISSUE AND USE OF PROCEEDS

Based on the Issue Price, the estimated amount of proceeds from the Proposed Placement (after deducting estimated expenses of approximately S\$50,000) will be approximately S\$588,000 ("**Net Proceeds**").

The Company intends to use 100% of Net Proceeds for working capital including payment of various miscellaneous expenses and professional fees associated with any transactions to be carried out or which have been carried out by the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Placement as and when the funds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds raised from the Proposed Placement in the Company's interim and full year financial statements and the Company's annual report. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the Net Proceeds from the Proposed Placement, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short-term basis as the Board may deem fit, from time to time.

The Board is of the opinion that, after taking into consideration the present bank facilities available, the working capital available to the Group is sufficient to meet its present requirements and that the reasons for the Proposed Placement are, inter alia, to strengthen the Group's working capital and

for any proposed acquisitions or joint ventures.

4. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The financial effects of the Proposed Placement set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Placement.

The financial effects of the Proposed Placement are prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2015 ("**FY2015**") and the following assumptions:

(a) the financial effect on the consolidated net tangible asset ("**NTA**") per Share is computed based on the assumption that an aggregate of 1,126,151,424 Shares (issue of 984,373,646 Shares pursuant to the settlement agreement with creditors of the Company and the rights issue exercise completed in the financial year ended 31 December 2016, and 141,777,778 shares pursuant to the Proposed Placement) were issued on 31 December 2015;

(b) the financial effect on the consolidated loss per Share ("**LPS**") is computed based on the assumption that an aggregate of 1,126,151,424 Shares (issue of 984,373,646 Shares pursuant to the settlement agreement with creditors of the Company and rights issue exercise completed in the financial year ended 31 December 2016, and 141,777,778 Shares pursuant to the Proposed Placement) were issued on 31 December 2015;

(c) the Proposed Placement of 141,777,778 Subscription Shares at the Issue Price of S\$0.0045 each; and

(d) the Net Proceeds are converted based on the exchange rate of RMB4.8 to S\$1.

	Before completion of the Proposed Placement (FY2015)	After completion of the Proposed Placement
Paid-up share capital (RMB '000)	62,685	72,695
Number of Shares	709,013,304	1,835,164,728
NTA (RMB '000)	8,768	32,951
NTA per Share (RMB cents)	1.24	1.80
LPS (RMB cents)	0.30	0.29

5. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Placement. Accordingly, no service contract is proposed to be entered into between the

Company and any such person.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Placement other than through their respective shareholdings in the Company.

7. RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their Shares. The completion of the Proposed Placement is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

9. DOCUMENTS FOR INSPECTION

A copy of the Subscription Agreement is available for inspection at 20 Cross Street #02-01/02 Singapore 048422, for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Zhou Min Zong
CHIEF EXECUTIVE OFFICER
5 January 2017