CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

(Co. Reg. No: 179492)

FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

		Group		
		Year ended		
		31.12.2015	31.12.2014	
		RMB'000	RMB'000	%
	Notes	Unaudited	Audited	
Revenue		64,906	24,718	*163%*
Cost of sales		(53,248)	(22,297)	*139%*
Gross profit		11,658	2,421	*382%*
Other income	1	87	509	*-83%*
Selling and distribution expenses		(2,009)	(7,638)	*-74%*
Administrative expenses		(4,806)	(25,820)	*-81%*
Other operating expenses	2	-	(45,830)	*MN*
Finance costs		-	(490)	*MN*
Operating profit/(loss) before taxation	3	4,930	(76,848)	*-106%*
Taxation		-	-	*MN*
Operating profit/(loss) for the year (before non-recurring exceptional items)		4,930	(76,848)	*-106%*
Non-recurring exceptional items	4	(6,281)	-	*MN*
Loss for the year		(1,351)	(76,848)	
Loss attributable to owners of the Company		(1,351)	(76,848)	*-98%*
Other comprehensive income attributable to the owners of the Company				
- Exchange differences on translation of foreign operations		1,513	(480)	*MN*
Total comprehensive income for the year attributable to the owners of the Company		162	(77,328)	*-100%*

MN - Not meaningful

Notes

1. Other income

	Group	
	Year ended	
	31.12.2015	31.12.2014
	RMB'000	RMB'000
	Unaudited	Audited
Bank interest income	35	25
Rental income	52	39
Reversal of impaired trade receivables	-	445
	87	509

2. Other operating expenses

	Group	
	Year ended	
	31.12.2015	31.12.2014
	RMB'000	RMB'000
	Unaudited	Audited
Impairment loss on prepayments	-	31,597
Impairment loss on property, plant and equipment	-	13,548
Impairment loss on trade receivables	-	685
	-	45,830

3. Operating profit/(loss) before taxation

	Group	
	Year ended	
	31.12.2015	31.12.2014
	RMB'000	RMB'000
	Unaudited	Audited
Depreciation of property, plant and equipment	-	1,203
Exchange differences, net	(227)	-
Operating lease expenses	-	977

Notes (Continued)

4. Non-recurring exceptional items

As announced by the Company on 29 September 2015, the Company has terminated the sales and purchase agreement ("SPA") with the vendor for the acquisition of entire equity interest in Goyes Group ("RTO exercise") as a result of the current market environment is not conducive to raise fund to satisfy the cash consideration which is a condition precedent of the SPA (the "Termination").

Following the Termination, the Company decided to write off all of the professional and related prepayments for the RTO exercise, including retainers and prepayments to onshore and offshore legal advisers, independent valuer and reporting accountants, financial advisers, sponsors, consultants, market researchers, RTO fund-providers as well as other related expenditures. In the opinion of the board of directors, these expenditures are non-recurring non-operating in nature, thus, included in the line item of "non-recurring exceptional items" presented in the income statement of the Company for the year ended 31 December 2015.

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31.12.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited	31.12.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited
ASSETS AND LIABILITES				
Non-current assets				
Property, plant and equipment	-	75	-	-
Investments in subsidiaries	-	-	-	-
	-	75	-	-
Current assets				
Inventories	25,948	19,338	-	-
Trade and other receivables	11,095	5,269	-	-
Prepayments	-	3,063	-	3,063
Cash and bank balances	4,772	2,157	4,314	299
	41,815	29,827	4,314	3,362
Current liabilities				
Trade and other payables and accruals	27,538	24,724	35,761	36,071
Financial liability	-	3,860	-	3,860
	27,538	28,584	35,761	39,931
Net current assets/(liabilities)	14,277	1,243	(31,447)	(36,569)
Net assets/(liabilities)	14,277	1,318	(31,447)	(36,569)
EQUITY				
Equity attributable to Company's owners				
Share capital	62,687	46,566	62,687	46,566
Convertible loan - equity component	4,610	-	4,610	-
Reserves	(53,020)	(45,248)	(98,744)	(83,135)
Total equity/(Capital deficiency)	14,277	1,318	(31,447)	(36,569)

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Convertible loan – equity component

As announced by the Company on 11 December 2015 that the Company has entered into a convertible loan agreement ("Loan Agreement") with a lender (the "Lender") pursuant to which the Lender has agreed to extend a loan in the aggregate principal amount of S$1,000,000 to the Company, at a simple interest rate of 6% per annum ("Loan").

The Loan is convertible, at the option of the Lender, into new ordinary shares of the Company (the "Conversion Shares") at a fixed conversion price, exchange rate and numbers of Conversion Shares in accordance with the terms and conditions of the Loan Agreement. The entire proceeds net of expenses and transaction costs ("Net Proceeds") shall be utilised to fund the proposed acquisition of businesses and assets by the Company. In the event the Net Proceeds initially allocated for the purpose set out above are not fully applied towards such use for any reasons, the Company shall use the remaining Net Proceeds for working capital of the Company and its subsidiaries and/or for such other purposes as the Company in its discretion may deem fit.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Year ended	
	31.12.2015	31.12.2014
	RMB'000	RMB'000
	Unaudited	Audited
Cash flows from operating activities		
Operating profit/(loss) before taxation	4,930	(76,848)
Adjustments for:		
Depreciation on property, plant and equipment	-	1,203
Impairment loss on property, plant and equipment	-	13,548
Impairment loss on prepayments	-	31,597
Impairment loss on trade receivables	-	685
Interest expenses	-	490
Reversal of written-off trade receivables	-	(445)
Interest income	(35)	(25)
Operating loss before working capital changes	4,895	(29,795)
Changes in inventories	(6,610)	(2,682)
Changes in trade and other receivables	(5,826)	188
Changes in prepayments	-	(3,063)
Changes in trade and other payables and accruals	2,814	3,445
Cash used in operations	(4,727)	(31,907)
Non-recurring exceptional items	(3,143)	-
Income taxes	-	-
Net cash used in operating and non-operating activities	(7,870)	(31,907)
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(1,352)
Interest received	35	25
Net cash generated from/(used in) investing activities	35	(1,327)
Cash flows from financing activities		
Inception of convertible loan	4,610	13,554
Repayment of financial liability	(3,860)	-
Interest expenses	-	(490)
Issue of shares	8,187	-
Net cash generated from financing activities	8,937	13,064
Net decrease in cash and cash equivalents	1,102	(20,170)
Effect of foreign exchange differences	1,513	-
Cash and cash equivalents at beginning of the year	2,157	22,327
Cash and cash equivalents at end of the year	4,772	2,157
Analysis of balances of cash and cash equivalents		
Cash and bank balances	4,772	2,157

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital RMB'000	Share premium RMB'000	Convertible loan RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
The Group								
Balance as at 1 January 2014 (audited)	40,690	138,396	-	23,570	2,474	19,802	(155,980)	68,952
Issue of shares	5,876	3,818	-	-	-	-	-	9,694
Loss for the year	-	-	-	-	-	-	(76,848)	(76,848)
Other comprehensive income:								
Currency translation difference	-	-	-	-	(480)	-	-	(480)
Total comprehensive income for the year	-	-	-	-	(480)	-	(76,848)	(77,328)
Balance as at 31 December 2014 (audited)	46,566	142,214	-	23,570	1,994	19,802	(232,828)	1,318
Balance as at 1 January 2015 (audited)	46,566	142,214	-	23,570	1,994	19,802	(232,828)	1,318
Issue of shares	16,121	(7,934)	-	-	-	-	-	8,187
Convertible loan - equity component	-	-	4,610	-	-	-	-	4,610
Loss for the year	-	-	-	-	-	-	(1,351)	(1,351)
Other comprehensive income:								
Currency translation difference	-	-	-	-	1,513	-	-	1,513
Total comprehensive income for the year	-	-	-	-	1,513	-	(1,351)	162
Balance as at 31 December 2015 (unaudited)	62,687	134,280	4,610	23,570	3,507	19,802	(234,179)	14,277
The Company								
Balance as at 1 January 2014 (audited)	40,690	138,396	-	150,119	(34,779)	-	(326,603)	(32,177)
Issue of shares	5,876	3,818	-	-	-	-	-	9,694
Loss for the year	-	-	-	-	-	-	(13,839)	(13,839)
Other comprehensive income:								
Currency translation difference	-	-	-	-	(247)	-	-	(247)
Total comprehensive income for the year	-	-	-	-	(247)	-	(13,839)	(14,086)
Balance as at 31 December 2014 (audited)	46,566	142,214	-	150,119	(35,026)	-	(340,442)	(36,569)
Balance as at 1 January 2015 (audited)	46,566	142,214	-	150,119	(35,026)	-	(340,442)	(36,569)
Issue of shares	16,121	(7,934)	-	-	-	-	-	8,187
Convertible loan - equity component	-	-	4,610	-	-	-	-	4,610
Loss for the year	-	-	-	-	-	-	(5,469)	(5,469)
Other comprehensive income:								
Currency translation difference	-	-	-	-	(2,206)	-	-	(2,206)
Total comprehensive income for the year	-	-	-	-	(2,206)	-	(5,469)	(7,675)
Balance as at 31 December 2015 (unaudited)	62,687	134,280	4,610	150,119	(37,232)	-	(345,911)	(31,447)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in Company's shares capital

During FY2015, the Company had issued 197,858,905 ordinary shares at an issued price of HKD 0.1 each in total, pursuant to the loan facility agreement entered with Advance Opportunities Fund. For details, please refers to the circular and its announcements dated 2 October 2014, 17 February 2015, 16 March 2015, 17 March 2015, 13 April 2015, 9 June 2015, 7 July 2015, 23 July 2015, 6 August 2015, 1 September 2015, 15 October 2015 and 21 October 2015 in relation to, inter alia, the placement agreement.

Convertible loan – equity component

As disclosed in item 1(b)(ii), the Company had on 11 December 2015 announced that the Company has entered into a convertible loan agreement with a lender pursuant to which the Lender has agreed to extend a loan in the aggregate principal amount of S$1,000,000 to the Company, at a simple interest rate of 6% per annum ("Loan").

The Loan is convertible, at the option of the Lender, into new ordinary shares of the Company (the "Conversion Shares") at a fixed conversion price, exchange rate and numbers of Conversion Shares in accordance with the terms and conditions of the Loan Agreement. The number of shares to be issued on conversion of the principal amount of S$1,000,000 pursuant to the Loan Agreement is approximately 146,200,000 ordinary shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31.12.2015	As at 31.12.2014
Total number of issued shares	709,013,304	511,154,399
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	709,013,304	511,154,399

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted all the new/amended International Financial Reporting Standards ("new/amended IFRSs") that became effective on 1 January 2015. Except the adoption of these new/amended IFRSs, the Group has consistently adopted the same accounting policies and methods of computations as stated in the audited financial statements of the Group for the year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new/amended IFRSs does not have any material financial impact on the Group's financial statements.

6. Earnings/(Loss) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		Group	
		Year ended	
		31.12.2015	31.12.2014
		Unaudited	Audited
		'000	'000
Loss per share			
a)	Based on weighted average number of shares (RMB cents)	(0.23)	(16.58)
	-weighted average number of shares	587,480	463,638
b)	Based on a fully diluted basis (RMB cents)	N/A	N/A
	-adjusted weighted average number of shares	N/A	N/A

Basic loss per share is calculated based on loss attributable to the owners of the Company for the year divided by the weighted average of 587,480,000 shares (year ended 2014: weighted average of 463,638,000 shares).

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31.12.2015 RMB'000 Unaudited	**31.12.2014 RMB'000 Audited**	**31.12.2015 RMB'000 Unaudited**	**31.12.2014 RMB'000 Audited**
Net asset value ("NAV") per ordinary share (RMB cents)	2.01	0.26	(4.44)	(7.15)
Number of shares (excluding treasury shares)	709,013,304	511,154,399	709,013,304	511,154,399

Net asset value per share is calculated based on total equity/(capital deficiency) of the Group and the Company as at 31 December 2015 and 2014 and based on the issued share capital of 709,013,304 and 511,154,399 ordinary shares (excluding treasury shares) in issue as at 31 December 2015 and 2014 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance

Revenue

Product Type	FY2015 (RMB mil)	% of Total Revenue	FY2014 (RMB mil)	% of Total Revenue	% Change
Panel Furniture	41.9	64.6	15.8	64.0	165.2
Sofa	19.9	30.7	7.6	30.8	161.8
Mattress	3.1	4.8	1.3	5.3	138.5
Total	64.9	100.0	24.7	100.0	162.8

For the year ended 31 December 2015 ("FY2015"), our total revenue increased by 162.8% compared to FY2014, back to normal level before the tightened credit policy introduced by Chinese Government for property market. The policy has been relaxed from the 2nd half of FY2015, as a result, our sales orders have been recovered and better utilisation rate of our factory has been revealed.

The Group's overall gross profit margin has also been increased to over 18% due to:

i) valued added design provided to customers
ii) suppliers' discount on raw material
iii) property, plant and equipment have been fully written off in FY2014, thus, no depreciation expenses charged in FY2015

The major raw materials used for furniture production included MDF boards, fabric, foam and metal hardware.

Operating Profit Before Non-Recurring Exceptional Items

Operating Expenses

Operating expenses comprise (i) selling and distribution expenses and (ii) administrative and iii) other operating expenses. Operating expenses decreased from RMB 79 million in FY2014 to 7 million in FY2015, due to the tight control on the Group's expenditure and below measures,

i) RMB 46 million of impairment losses on property, plant and equipment, trade receivables and deposits were recorded in FY2014 (FY2015: Nil).
ii) In view of the Company's financial and cashflow positions, the senior management including current executive board members of the Company had consented to waive their remuneration and allowances for FY2015.
iii) Property, plant and equipment have been fully written off in FY2014, thus, no depreciation expenses charged in FY2015
iv) Decrease in operating expenses (i.e. audit fee decreased from SGD 280,000 in FY2014 to SGD 150,000 in FY2015)
v) Written-back of overprovided professional fees, salary and allowances accrued in previous financial years

Non-Recurring Exceptional Items

As announced by the Company on 29 September 2015, the Company has terminated the SPA with the vendor for the acquisition of entire equity interest in Goyes Group as a result of the current market environment is not conducive to raise fund to satisfy the cash consideration which is a condition precedent of the SPA.

Following the Termination, the Company decided to write off all of the professional and related prepayments for the RTO exercise, including retainers and prepayments to onshore and offshore legal advisers, independent valuer and reporting accountants, financial advisers, sponsors, consultants, market researchers, RTO fund-providers as well as other related expenditures. In the opinion of the board of directors, these expenditures are non-recurring non-operating in nature, thus, included in the line item of "non-recurring exceptional items" and presented in the income statement of the Company for the year ended 31 December 2015.

Review of Group Financial Position

Inventories

Inventories increased by RMB 6.6 million as a result of sale orders to be delivered in the 1st half of FY2016.

Trade and other receivables

Trade and other receivables increased by RMB 5.8 million, as a result of increase in sales in the 2nd half of FY2015.

Trade and other payables

Trade and other payables increased by RMB 2.8 million, as a result of increase in raw material consumed as well as accrued professional fees and other expenses for FY2015.

Convertible loan – equity component

As announced by the Company on 11 December 2015 that the Company has entered into a convertible loan agreement with a lender pursuant to which the Lender has agreed to extend a loan in the aggregate principal amount of S$1,000,000 to the Company, at a simple interest rate of 6% per annum.

The Loan is convertible, at the option of the Lender, into new ordinary shares of the Company at a fixed conversion price, exchange rate and numbers of Conversion Shares in accordance with the terms and conditions of the Loan Agreement. The entire proceeds net of expenses and transaction costs shall be utilised to fund the proposed acquisition of businesses and assets by the Company. In the event the Net Proceeds initially allocated for the purpose set out above are not fully applied towards such use for any reasons, the Company shall use the remaining Net Proceeds for working capital of the Company and its subsidiaries and/or for such other purposes as the Company in its discretion may deem fit.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, is there any variance between it and the actual results?

The actual results for FY2015 are consistent with the commentary under paragraph 10 and the update announcements released by the Company in previous periods.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

For FY2015, our total revenue increased by 162.8% compare to FY2014, back to normal level before the tightened credit policy introduced by Chinese Government for property market. The policy has been relaxed from the 2nd half of FY2015, as a result, our sales orders have been recovered and better utilisation rate of our factory has been revealed. The management is confident to maintain operating profit for the furniture business in order to enhance shareholders' value.

The Company announced on 29 September 2015, the termination of SPA between the Company and Sharp Year Ventures Limited. Both the Company and the Vendor believed that the current market environment is not conducive to raise fund to satisfy the cash consideration which is a condition precedent of the SPA.

Following the Termination, on 12 December 2015, the Company then entered into a Binding MOU with GR Business Holdings Limited to acquire 3 gold mines; Geghi Gold LLC, Vayk Gold LOC and Vardani Zartong Ltd at a total consideration of SGD$601,000,000.00.

The Board would like to inform shareholders that they are actively seeking other potential opportunities and proposals that will enhance its financial position and provide a basis to support its application to the SGX-ST for the extension of time for Watch-List, and subsequent removal from the Watch-List.

11. Dividend

(a) Current Financial Period Reported 0n

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for FY2015.

13. Interested Person Transactions

There was no interested person transaction in FY2015.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's senior executive management for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The Group only operates in a single operating segment, which is the design, manufacturing and sale of panel furniture, sofa and mattress. Revenue from external customers for each product category is disclosed in item 8 above.

There were two external customers which amounted to 10% or more of the Group's revenue for the financial years ended 31 December 2015 and 2014.

The Group's operations and the management team of the Group are primarily domiciled and located in the PRC. For the financial years ended 31 December 2015 and 2014, the Group's customers are mainly located in the PRC, Hong Kong and Macau. The design, manufacturing and sale of panel furniture, sofa and mattress are carried out in the PRC. Reportable segment revenue by geographical region is based on the location of the ultimate customers.

The Group's revenue from external customers is divided into the following geographical region:

Geographical Segments

	FY2015 RMB'000	FY2014 RMB'000
PRC	55,770	21,025
Hong Kong and Macau	9,136	3,693
	64,906	24,718

The assets of the Group are substantially located in the PRC which are used to support its customers in the above geographical locations. Consequently, no separate analysis of reportable segment assets by geographical region is presented.

15. A breakdown of sales

	FY2015 RMB'000	FY2014 RMB'000	Change %
(a) Sales reported for first half	12,305	12,220	0.7
(b) Operating loss after tax reported for first half	(5,694)	(25,166)	(77.4)
(c) Sales reported for second half	52,601	12,498	320.9
(d) Operating loss after tax reported for second half	4,343	(51,682)	(108.4)

16. A breakdown of the total annual dividend (in dollar value) or the issuer's latest full year and its previous full year

	FY2015	**FY2014**
Ordinary	Nil	Nil
Preference	Nil	Nil
Total:	Nil	Nil

17. Disclosure under Rule 704(13) of the SGX Listing Manual

The Company wishes to confirm that there is no person occupying a managerial position in the company or any of its principal subsidiaries who is a relative of a director or the CEO or substantial shareholder of the company.

18. Status report on

Use of IPO and Placement Proceeds

To the date of this announcement, the Company had fully utilised the IPO and placement proceeds.

BY ORDER OF THE BOARD

Zhou Min Zong

Chief Executive Officer

5 February 2016