

CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

Company Registration No. 179492

UPDATES ON THE PROPOSED REVERSE TAKEOVER AND SUPPLEMENTAL AGREEMENT

1. INTRODUCTION

The board of directors ("**Board**" and each director, a "**Director**") of Cacola Furniture International Limited ("**Company**", together with its subsidiaries, the "**Group**", and each a "**Group Company**") refer to the announcement of the Company dated 10 April 2014 ("**10 April Announcement**") on the entry into a conditional sale and purchase agreement ("**Sale and Purchase Agreement**") with Sharp Year Ventures Limited ("**Vendor**"), pursuant to which the Company shall acquire the entire equity interest ("**Sale Equity**") of a company (the "**Target**", together with its subsidiaries, the "**Target Group**", and each a "**Target Group Company**") to be incorporated in the British Virgin Islands ("**BVI**") by the Vendor ("**Proposed Acquisition**").

The Board would like to provide an update on the Proposed Acquisition and inform the Shareholders that a supplemental agreement ("**Supplemental Agreement**") to the Sale and Purchase Agreement was entered into between the Vendor and the Company on 14 January 2015 to amend certain terms and conditions of the Sale and Purchase Agreement.

All capitalised terms herein, unless otherwise defined, shall have the meaning ascribed to them in the 10 April 2014 Announcement.

2. UPDATE ON THE PROPOSED ACQUISITION

Subsequent to the signing of the Sale and Purchase Agreement, the Company and the Vendor have been working towards the completion of the Proposed Acquisition ("**Completion**").

To this end, the Company, with the assistance of its advisers, is conducting its legal and financial due diligence exercise on the Target Group and undertaking fund-raising activities to, *inter alia*, satisfy the cash portion of the Consideration for the Proposed Acquisition. The Company has announced the latest status of such fund-raising activities in its announcement dated 2 October 2014 ("**2 October Announcement**") and will continue to update Shareholders as and when there are material developments.

3. RATIONALE FOR THE SUPPLEMENTAL AGREEMENT

In the course of the due diligence exercise, both the Company and the Vendor agreed that it would be more beneficial to the enlarged group comprising the Group and the Target Group post-Completion ("**Enlarged Group**") to stay focused on one core business at the initial stage, namely the livestock breeding, farming, meat processing and related trading business ("**Agri-Food Business**"), and consider diversification at a later time, as compared to managing three distinctly different business segments immediately post-Completion. Nevertheless, the Consideration shall remain unchanged despite the revision to the scope of the Target Group's business and the valuation of the Target Group shall be based on the Target Group's financial results for FY2014, instead of FY2013.

Both parties also agreed to extend the Long-Stop Date for the Proposed Acquisition from 31 March 2015 to **31 December 2015**.

Further, all references related to the ELNs are deleted from the Sale and Purchase Agreement as the Company has embarked on other fund-raising activities, such as the placement exercise referred to in the 2 October Announcement, in place of the ELNs.

4. SALIENT TERMS OF THE SUPPLEMENTAL AGREEMENT

The salient terms of the Supplemental Agreement are summarised below.

4.1. Target Business

It is agreed in the Supplemental Agreement that the Target Group shall comprise **only** the Agri-Food Business ("**Target Business**"). Notwithstanding the change in the business scope, the requirements that:

- (i) the Target Group shall have (A) a positive net current asset, (B) positive cash flow from operations, and (C) sufficient working capital and funding for its planned operations and capital investments;
- (ii) the consolidated net profit after tax excluding extraordinary items and goodwill arising from the Proposed Acquisition ("**NPAT**") of the Target Group in respect of FY2014 (instead of FY2013) shall not be less than RMB110,000,000 as verified and reported by the auditors of the Company in accordance with the International Financial Reporting Standards ("**IFRS**"); and
- (iii) the consolidated net tangible assets ("**NTA**") of the Target Group shall not be less than RMB200,000,000 as at the latest available accounts in accordance with the IFRS before Completion,

shall remain unchanged.

As a result of the abovementioned change in the scope of the Target Business, the Restructuring Exercise and the list of the entities under the Target Group shall be revised as set out in Appendix A to this Announcement.

4.2. Extension of Time for Completion of the Restructuring Exercise

It is agreed that the Vendor shall complete the Restructuring Exercise by 7 February 2015, instead of three months from the date of the Sale and Purchase Agreement as referred to in paragraph 3.4(a) of the 10 April Announcement, in view of the amount of time required for regulatory approvals and administrative procedures.

4.3. Consideration

The Consideration shall be fixed at RMB1.32 billion (instead of a maximum aggregate consideration of RMB1.32 billion as referred to in paragraph 3.1 of the 10 April Announcement), while the manners in which the Considerable shall be payable as referred to in paragraph 3.3(a) and 3.3(b) of the 10 April Announcement shall remain unchanged.

4.4. Deletion of all references related to the ELNs and other consequential changes

As explained in paragraph 3 above, all references related to the ELNs are deleted pursuant to the Supplemental Agreement. As a result, the definitions of the "Pre-RTO Fund Raising Activities" and "Enlarged Share Capital" are amended to reflect the deletion of all references related to the ELNs and the inclusion of other alternative fund-raising activities that the Company is undertaking and/or exploring for the purpose of the Proposed Acquisition.

4.5. Long Stop Date

It is agreed that the Long Stop Date is extended to **31 December 2015** or such other date as may be agreed by the parties in writing. The parties have further agreed to continue their exclusive negotiations on the reverse takeover or listing until such extended Long Stop Date.

4.6. Extension of time for Undertaking by Company's Shareholders

The Undertaking by the Company's Shareholders as referred to in paragraph 3.7.1 of the 10 April Announcement shall be amended such that the Company shall be given till 7 February 2015 to obtain irrevocable undertakings of certain of its substantial shareholders to, *inter alia*, (i) vote in favour of the resolutions approving the transactions contemplated in the Sale and Purchase Agreement, and any related resolutions; and (ii) vote in favour of the appointment of such number of new directors to be appointed to the Board by the Vendor.

4.7. Transactions previously announced

The parties have further agreed in the Supplemental Agreement that save as disclosed by the Company in public announcements prior to the date of the Sale and Purchase Agreement (as amended, varied or supplemented by the Supplemental Agreement) and as contemplated under the Pre-RTO Fund Raising Activities and any other allotment and issue of or agreement to allot or issue the Shares or the Consolidated Shares to the professional parties involved in the Proposed Acquisition, no other shares of the Company are under any option, placement or warrant or has been agreed conditionally or unconditionally to be created or issued or put under any option, placement or warrant.

For the avoidance of doubt, any new Shares issued on or before the date of the Supplemental Agreement, or to be issued pursuant to any agreements entered into and announced by the Company on the SGXNET on or before the date of the Supplemental Agreement shall not amount to a breach of the representations and warranties of the Company.

4.8. Representation and Warranties by the Vendor

Pursuant to the amendments made under the Supplemental Agreement, the Vendor shall further represent and warrant with respect to the Target Group that the registered capital of each of the Target Group's Principal Subsidiaries shall be fully contributed prior to the Completion.

5. DOCUMENTS FOR INSPECTION

A copy of the Sale and Purchase Agreement and the Supplemental Agreement is available for inspection during normal business hours at the registered office of the Company and at the offices of KCS Corporate Services Pte. Ltd., the office of the company secretary at 36 Robinson Road, #17-01 City House, Singapore 068877 for three months from the date of this Announcement.

6. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares as the Proposed Acquisition is subject to several conditions and there is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition.

Shareholders are advised to read this Announcement and any announcements by the Company on the Proposed Acquisition 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.

7. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Vendor, the Target and the Target Group) 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 Acquisition, the Company and its subsidiaries as at the date hereof, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

BY ORDER OF THE BOARD

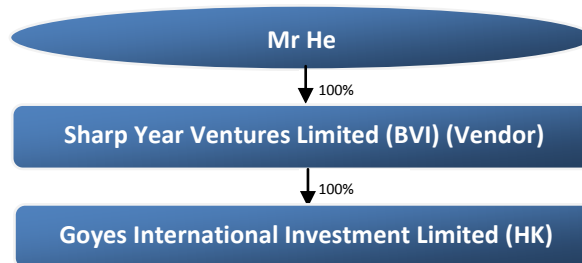
ZHOU ZHUO LIN
CHIEF EXECUTIVE OFFICER
14 January 2015

APPENDIX A

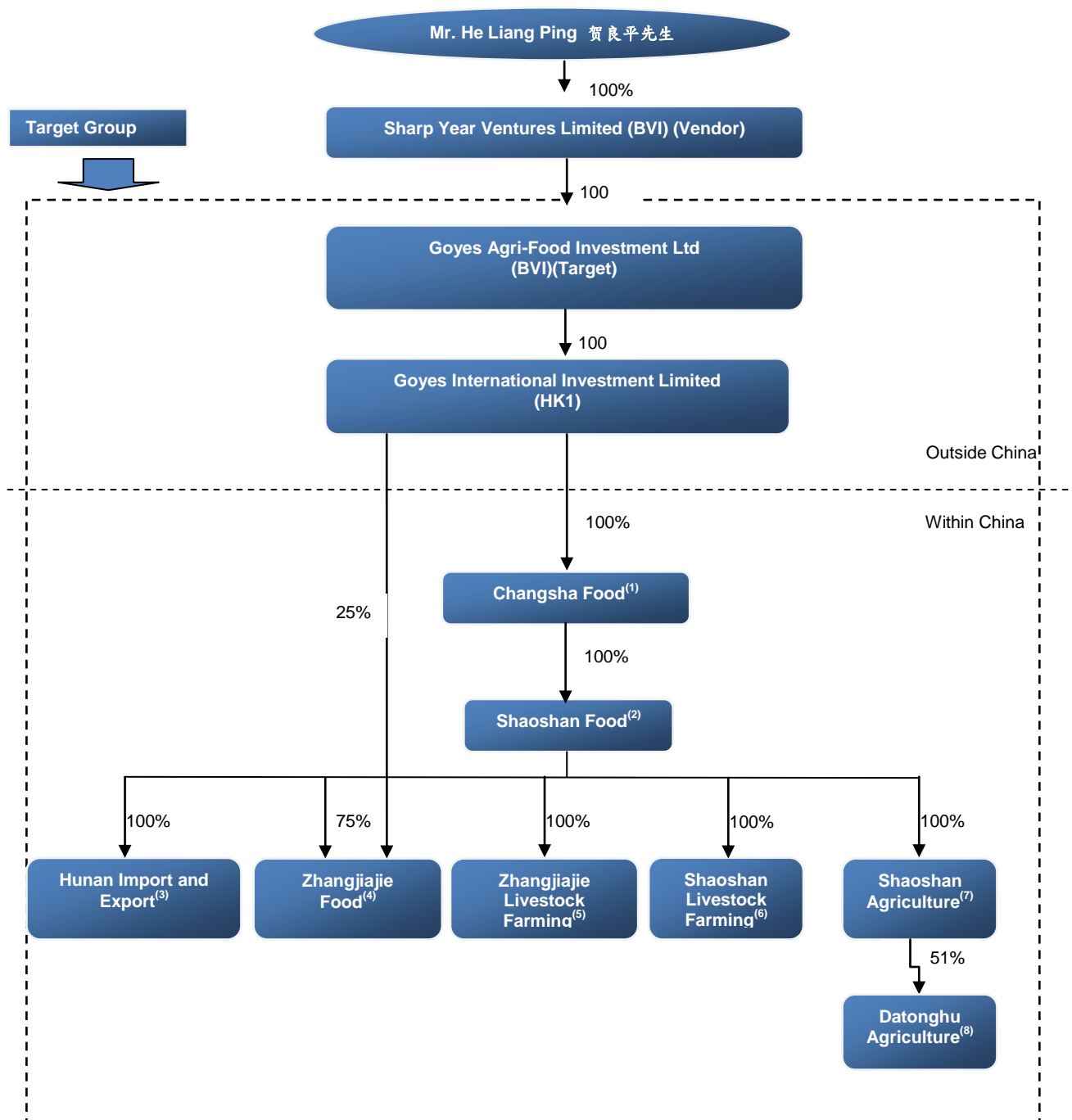
RESTRUCTURING EXERCISE

Please note that certain company names with Chinese characters in this Appendix and other sections of this Announcement have been translated into English. Such translations are provided solely for the convenience of Shareholders who may be unfamiliar with Chinese. These English names may not be registered with the relevant PRC authorities and should not be construed as representations that the English names actually or officially represent the Chinese names and/or characters.

A. Corporate Structure of the Vendor prior to the Restructuring Exercise



B. Corporate Structure of the Vendor upon Completion of the Restructuring Exercise



Note:

- (1) Changsha Goyes Food Co., Ltd. (港越食品有限公司)
- (2) Goyes Group Shaoshan Food Co., Ltd. (港越集团韶山食品有限公司)
- (3) Goyes Group Hunan Import & Export Trading Co., Ltd. (港越集团湖南进出口贸易有限公司)
- (4) Goyes Group Zhangjiajie Food Co., Ltd. (港越集团张家界食品有限公司)
- (5) Goyes Group Zhangjiajie Livestock Farming Co., Ltd. (港越集团张家界牧业有限公司)
- (6) Goyes Group Shaoshan Livestock Farming Co., Ltd. (港越集团韶山牧业有限公司)
- (7) Shaoshan Goyes Agriculture and Husbandry Co., Ltd. (韶山港越农牧有限公司)
- (8) Yiyang Datong Lake Goyes Agriculture and Animal Husbandry Co., Ltd. (益阳大通湖港越农牧有限公司)

C. Information of each of the Target Group Companies

Based on the information provided by the Vendor, brief information on the Target Group Companies as at the date of the Supplemental Agreement is as follows:

	Name of Company	Incorporated In	Date of Incorporation	Brief description of principal business activity
1	Goyes Agri-Food Investment Ltd	British Virgin Islands	7 May 2014	Investment holding
2	Goyes International Investment Limited	Hong Kong	13 December 2013	Investment holding
3	Changsha Goyes Food Co., Ltd.	PRC	8 May 2014	The slaughter, cutting, processing and sale of livestock and poultry meat; the processing and sale of agricultural products.
4	Goyes Group Shaoshan Food Co., Ltd.	PRC	10 August 2000	Processing and sales of frozen food and meat (smoked and grilled meat); sales of fruit, vegetables and products made from fruit and vegetables
5	Goyes Group Hunan Import & Export Trading Co., Ltd.	PRC	24 April 2008	Import and export of goods and technology
6	Goyes Group Zhangjiajie Food Co., Ltd.	PRC	10 August 2006	Frozen food production, pre packaged food, food wholesale, retail, animal husbandry
7	Goyes Group Zhangjiajie Livestock Farming Co., Ltd.	PRC	8 May 2008	Livestock and poultry breeding and sales
8	Goyes Group Shaoshan Livestock Farming Co., Ltd.	PRC	24 April 2008	Research and experiment and other development activities on animal husbandry and veterinary, feeding and sales of livestock, pig and poultry
9	Shaoshan Goyes Agriculture and Husbandry Co., Ltd.	PRC	27 December 2012	Processing and sale of primary agriculture products (excluding cotton)
10	Yiyang Datong Lake Goyes Agriculture and Animal Husbandry Co., Ltd.	PRC	4 July 2013	Pig breeding; primary processing and sales of agricultural products