

CACOLA FURNITURE INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands)
Company Registration No. 179492

MEMORANDUM OF UNDERSTANDING

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Cacola Furniture International Limited (the “**Company**”) wishes to announce that the Company has, on 18 April 2016, entered into a memorandum of understanding with BH Investments Ltd (a company incorporated in the British Virgin Islands) (“**Vendor**”) to acquire all the subsidiaries of the SPV (the “**Proposed Acquisition**”).

The Company’s shareholders should note that the Proposed Acquisition remains subject to a definitive agreement (“**Definitive Agreement**”) and the Company will use its best endeavours to negotiate with the Vendor in good faith and to sign the Definitive Agreement in respect of the Proposed Acquisition within sixty days from 18 April 2016.

2. KEY TERMS

The Vendor shall ensure that the consolidated audited results for the financial year ended 31 December 2016 of the subsidiaries of the SPV (“**SPV Group**”) shall have an estimated net profit after tax between S\$6 million to S\$10 million, The organisation and business structure of the SPV Group will be defined in the Definitive Agreement.

The Definitive Agreement shall contain certain conditions precedent including the requirement for an independent valuation to be done. The estimated purchase consideration payable by the Company for the proposed acquisition is between S\$108 million to S\$180 million to be satisfied by the allotment and issuance of new ordinary shares in the capital of the Company (“**Consideration Shares**”) at a price of 10% discount to the weighted volume average price for trades done for the last 10 days preceding the date of the signed Definitive Agreement subject always to the necessary approvals of the relevant professionals appointed for the Proposed Acquisition and compliance with the applicable listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Proposed Acquisition if undertaken and completed is expected to result in a very substantial acquisition or reverse takeover transaction.

Completion of the Proposed Acquisition shall be subject to, amongst others, the following:

- (a) satisfactory financial, business and legal due diligence on the SPV Group by the Company including but not limited to the commissioning of an independent valuation report;
- (b) approval of the Company’s shareholders in relation to the Proposed Acquisition;
- (c) approval of the SGX-ST for the Company to transfer to the Catalist Board of the SGX-ST;
- (d) Company and the Vendor mutually appointing the professionals including legal advisors, auditors and financial advisors for the Proposed Acquisition;
- (e) Company shall procure a convertible loan of between S\$1 million to S\$2 million for professional expenses on terms agreed by the Company and the Vendor;

- (f) Company to raise up to S\$15 million upon approval of the Proposed Acquisition for business expansion and/or working capital;
- (g) substantial shareholders of the Company shall undertake to vote in favour of the Proposed Acquisition;
- (h) Company and the Vendor agreeing on the share consolidation ratio for the share consolidation exercise to be undertaken by the Company;
- (i) approval from the SGX-ST for the listing and quotation of the Consideration Shares plus any other new ordinary share in the capital of the Company to be issued to the consultants and all other necessary approvals by the SGX-ST or other relevant authorities;
- (j) completion of the restructuring exercise of the SPV Group by the Vendor within three (3) months from signing of the Definitive Agreement with the consolidated audited results of the SPV Group for financial year ended 31 December 2016 having a net profit after tax of not less than S\$6 million;
- (k) provision of the latest 3 years audited financial statements of the SPV Group; and
- (l) compliance with the applicable laws, regulations and listing rules of the SGX-ST.

3. **RATIONALE**

The Directors believe that the Proposed Acquisition can bring growth and profitability to the Company and change the business of the Company to the healthcare industry.

4. **INFORMATION ON THE VENDOR**

Dr Billy J Hardie owns 100% of the entire issued shares in the capital of the Vendor.

The business of the SPV Group shall comprise three key medical services focused on medical conditions related to ageing. These are (a) medi-aesthetics; (b) medical wellness and specialist services including dental and eye care; and (c) innovative diagnostics for health and wellness screening. The SPV Group will own and operate medi-aesthetics clinics, an eye centre, dental clinics and wellness and specialist clinics.

5. **INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors nor the substantial shareholders of the Company or their respective associates have any interest, direct or indirect, in the Proposed Acquisition other than through their respective directorships and shareholdings in the Company.

6. **TRADING CAUTION**

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that a Definitive Agreement will be entered into, the terms and conditions of the Proposed Acquisition will not differ from that as set out in the memorandum of understanding, or the Proposed Acquisition will be undertaken at all. 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 advisers if they have any doubt about the actions that they should take.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition.

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 has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

ZHOU MIN ZONG
CHIEF EXECUTIVE OFFICER
18 April 2016