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

RESPONSE TO SGX'S QUERIES ON THE UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

Capitalised terms used in this announcement shall, save as otherwise defined, have the same meanings as ascribed to them in the 3Q2014 Financial Results Announcement (as defined hereinafter).

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 17 November 2014[1] in relation to the unaudited financial statements of the Company for third quarter ended 30 September 2014 ("**3Q2014 Financial Results Announcement**").

The Singapore Exchange Securities Trading Limited ("**SGX**") has on 10 December 2014, requested the Company to provide further information in respect of the 3Q2014 Financial Results Announcement. The queries by the SGX and the Company's answers are set out below.

SGX Queries:

(1) We note on page 3 of the Company's financial results that there is 'Financial liabilities' of RMB1.469 million as at 30 September 2014. Please explain the nature of this 'Financial liabilities'.

Company's Response : On 1 June 2014, the Company entered into a loan agreement ("**Loan Agreement**") with the lender (the "**Lender**"), pursuant to which the Lender granted the Company a loan, which is unsecured and is repayable by the Company within three (3) months from the date of the Loan Agreement, at a fixed interest rate of five percent (5%) to be computed on the principal value of the loan. Accordingly, an aggregate of S$2,310,000 (equivalent to RMB11,377,000), being the principal amount of the loan and the total accrued interest, would have been repayable on 31 August 2014 (collectively the "**Loan**").

The Company and the Lender had, on 16 July 2014 entered into a settlement agreement pursuant to which the Loan shall instead be repaid by the Company through the allotment and issue of the shares to the Lender (and/or his nominees) no later than 31 August 2014, and at an issue price which shall be at a discount of not less than 10% of the market closing price. On 18 July 2014, the parties further entered into an amendment agreement, further agreeing that the total number of settlement shares to be issued to the Lender shall not exceed 15%

[1] The 3Q2014 Financial Results Announcement (Reference No: SG141114OTHRUGW1), made on 17 November 2014, supersedes the announcement reference no. SG141114OTHRUGW1 dated 14 November 2014, due to formatting issue on financial information on pages 1-9 of the 14 November 2014 announcement.

of the total number of shares of the Company on an enlarged basis, after the issue of the settlement shares ("**Settlement Threshold**"). The outstanding amount repayable under the Loan Agreement after the allotment and issue of the settlement shares shall be settled in cash ("**Cash Portion**").

The settlement and amendment agreements fixed the total indebtedness at an amount of S$2,300,000 ("**Total Indebtedness**") (being a reduction of the aggregate principal and interest payable under the original Loan Agreement of S$2,310,000). The aggregate issue price of the all the settlement shares to be issued shall be equivalent to the Total Indebtedness (subject always to the Settlement Threshold and less the relevant Cash Portion), and the proposed repayment by way of such allotment and issue of the settlement shares and the payment of the Cash Portion upon the terms and conditions of the settlement and amendment agreements shall constitute full and final settlement by the Company of its obligations in respect of the Loan.

On 19 August 2014, 74,117,000 new ordinary shares in the capital of the Company, at an issue price of S$0.027 per Settlement Share, were allotted and issued to the Lender. Pursuant to the allotment and issue of the shares, the Total Indebtedness was deemed repaid by way of the Shares Portion in respect of a sum of S$2,001,159. For more information, please refer to the announcements of the Company dated 21 July 2014, 13 August 2014, 19 August 2014 and 28 August 2014 available on the website of the SGX at www.sgx.com. The "**financial liabilities**" refer to the remaining amount of RMB1,469,000 (i.e. the Cash Portion) after the allotment and issue of settlement shares that shall be repaid by the Company in cash.

(2) We note on page 3 of the Company's financial results that 'Trade and other receivables' has increased by 4.5% from RMB37.294 million to RMB38.969 million when 'Revenue' has decreased by 38.8%. In this respect, please provide the following information:

(a) Breakdown of major items contributing to increase in 'Trade and other receivables'.

(b) Explain the nature of the prepayment for the reverse take-over project.

Company's Response : (a) Trade and other receivables breakdown

	RMB (,000)
Trade Receivable	3,649
Other receivables	169
Prepayment for property and factories development	31,596
Prepayment for the reverse take-over project	3,555
Total	**38,969**

(b) Prepayments

Announced on 10 April 2014, that the Company had entered into a sale and purchase agreement to acquire the Goyes Group, a prominent meat processing and related business group in Hunan, China. The Company is in the midst of doing various due diligence reviews on the Goyes Group, and is preparing for submission to SGX. Fees were paid to professional parties which include legal counsels, reporting accountants, financial adviser and asset appraiser. These expenditures are recorded as prepayment and will be reflected in the income statement and/or equity account once the project is completed.

BY ORDER OF THE BOARD

ZHOU ZHUO LIN
CHIEF EXECUTIVE OFFICER
11 December 2014