

CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

Company Registration No. 179492

**RESPONSE TO THE SGX-ST'S QUERY ON THIRD QUARTER FINANCIAL STATEMENTS
ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

Capitalised terms used in this announcement shall, save as otherwise defined, have the same meanings ascribed to them in the 3QFY2015 Financial Results Announcement (as defined hereinafter).

The Board of Directors of Cacola Furniture International Limited (the "**Company**") refers to the Company's announcement on 14 November 2015 in relation to the third quarter financial statements announcement for the period ended 30 September 2015 ("**3QFY2015 Financial Results Announcement**").

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") has on 27 November 2015, requested the Company to provide further information in respect of the 3QFY2015 Financial Results Announcement. The queries by the SGX-ST and the Company's corresponding answers are set out below:

SGX-ST's Question 1

We refer to page 3 of the 3QFY2015 Financial Results Announcement. We note that "Prepayments" has increased from RMB3.063 million to RMB4.748 million. Please provide breakdown of 'Prepayments' noting that this amount of RMB4.748 million is significant compared to Company's net asset value of RMB9.3 million.

Company's response:

There was a significant increase in prepayment of the Company in FY2015 due to an increase in professional fees (progress billing) for the Company's reverse takeover transaction, which have yet to be recognised as expenditure, including reporting accountant, internal control review, valuation, market research and public relationship, lawyers, financial adviser and independent financial adviser etc.

For the 3 months ended 30 September 2015, there was an increase of only RMB0.2 million as compared to the carrying amount of payment as of 30 June 2015 (RMB4.48 million).

SGX-ST's Question 2

We refer to page 3 of the 3QFY2015 Financial Results Announcement. We note "Trade and other payables" of RMB23.703 million. Please provide the following information:-

- (a) Breakdown and aging of "Trade and other payables"; and
- (b) Explain underlying transactions for amounts relating to material items in other payables.

Company's response:

The breakdown is as follows:

| Item | Amount (RMB) |
|----------------|----------------------|
| Trade payables | 9.19 million |
| Other payables | 14.51 million |
| TOTAL | 23.70 million |

Trade payables are current payables with averaging period in the range of 30 to 60 days. The balances are of trade nature arising from the principal activity of the Group in China.

Other payables represent outstanding accrued staff salaries, allowances and professional fees in relation to the reverse takeover transaction as mentioned in question 1 above. These balances have been overdue for more than 30 days.

SGX-ST's Question 3

We refer to page 9 of the 3QFY2015 Financial Results Announcement. We note that inventories increased by RMB4.3 million as a result of sale orders to be delivered in the next quarter. Noting that sales in 3Q2015 was only RMB22.5 million and inventory as at 30 September 2015 amounted to RMB23.7 million, please provide details of the sale orders that Company has ordered the inventory for.

Company's response:

As mentioned in item 10 of the 3QFY2015 Financial Results Announcement, the persistent drop in turnover in the local property market has seem to ceased as the local government relaxed their credit policy to home buyers. As a result, the sales orders received from 2Q 2015 has recovered to a certain level which iscomparable to previous years. The Group is confident that the revenue will continue to grow in 4Q2015 as over 50% of the finished goods inventory had been delivered as of the date of this announcement.

Below is the breakdown of inventory as of 30 September 2015:

| Item | Amount (RMB) |
|-----------------------------|----------------------|
| Raw materials and other WIP | 4.50 million |
| Finished goods inventory | 19.20 million |
| TOTAL | 23.70 million |

BY ORDER OF THE BOARD

ZHOU ZHUO LIN
CHIEF EXECUTIVE OFFICER

30 November 2015