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

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

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

The Board of Directors (the "**Board**") of Cacola Furniture International Limited (the "**Company**") refers to the Company's announcement on 13 August 2014 of the unaudited second quarter financial statements of the Company for the financial period ended 30 June 2014 ("**Results Announcement**").

The Singapore Exchange Securities Trading Limited ("**SGX**") has on 27 August 2014 requested the Company to provide further information in respect of the Results Announcement. The queries by the SGX and the Company's corresponding answers are set out below.

1. Please provide details of the financial liabilities amounting to RMB11.38 million (31 Dec 2013: Nil) reported as current liability in the Statement of Financial Position.

On 1 June 2014, the Company entered into a loan agreement ("**Loan Agreement**") with Mr. Liu Kit Nam (廖杰男) (the "**Lender**"), pursuant to which the Lender granted a loan to the Company. The loan 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 RMB 11,377,000), being the principal amount of the loan and the total accrued interest, would have been repayable on 31 August 2014 (collectively the "**Loan**").

On 16 July 2014, the Company and the Lender entered into a settlement agreement pursuant to which the Loan was to 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% 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 ("**Shares Portion**") 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 from the aggregate principal and interest payable under the original Loan Agreement of S$2,310,000).

On 19 August 2014, 74,117,000 new ordinary Shares ("**New Shares**") of the Company have been allotted and issued to the Lender at an issue price of S$0.027 per New Share. Pursuant to the allotment and issue of the New Shares, the Total Indebtedness is 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 and 19 August 2014 available on the website of the SGX at www.sgx.com.

2. The Company did not provide a status report and breakdown on the use of proceeds from its September 2013 placement in its 2013 Annual Report. In accordance with Listing Rule 1207(20) and the condition under the additional listing approval, please disclose accordingly.

Further to the announcement by the Company on 12 November 2013, the Company would like to announce that all the proceeds of S$629,266 from its placement announced on 24 September 2014 are fully utilised as follows:

Proposed Use	Proposed Allocation	Actual Amount Utilised	% Utilised
General corporate and working capital purposes	30%	196,000	31.14%
Payment of outstanding professional and other fees	20%	102,855	16.35%
Exploration of new investment opportunities and other corporate activities	50%	330,411	52.51%
Total	100%	629,266	100%

The use of the proceeds is in accordance with the proposed allocation.

BY ORDER OF THE BOARD

ZHOU ZHUO LIN
CHIEF EXECUTIVE OFFICER

28 August 2014