

**CACOLA FURNITURE INTERNATIONAL LIMITED**

(Incorporated in the Cayman Islands)

Company Registration No. 179492

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**MEMORANDUM OF UNDERSTANDING**

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The Board of Directors (the “**Board**”) of Cacola Furniture International Limited (the “**Company**”) refers to the announcements made by the Company on 18 April 2016, 17 June 2016 and 1 August 2016 on the memorandum of understanding (“**MOU**”) entered into with BH Investments Ltd (a company incorporated in the British Virgin Islands) (“**Vendor**”) to acquire all the subsidiaries of the BH Investments Ltd (“**Proposed Acquisition**”).

The Board would like to provide an update on the MOU and inform the Company’s shareholders that the Company and the Vendor have been unable to agree on the terms of the definitive agreement for the Proposed Acquisition and hence the Company and the Vendor have agreed to mutually terminate the MOU with immediate effect without any liability whatsoever for either party.

**BY ORDER OF THE BOARD**

**ZHOU MIN ZONG**  
**CHIEF EXECUTIVE OFFICER**  
**18 August 2016**