

CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

Company Registration No. 179492

**FURTHER INFORMATION RELATED TO THE PROPOSED ISSUE OF UP TO 902,734,645
NEW ORDINARY SHARES IN THE CAPITAL OF CACOLA FURNITURE INTERNATIONAL
LIMITED AS REPAYMENT OF THE TOTAL DEBT OF S\$4,062,306**

The Board of Directors (the "**Board**") of Cacola Furniture International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement made by the Company on 25 October 2016 and wishes to provide shareholders with further information on the proposed issue of up to 902,734,645 new ordinary shares in the capital of Cacola Furniture International Limited as repayment of the total debt of S\$4,062,306.

The Company started the process of using equity as a form of repayment for debt owing as far back as early December 2015. Creditors were agreeable for a total debt of S\$4,062,306 to be converted to equity which was equivalent to 902,734,645 new ordinary shares in the capital of the Company, out of which 103,410,000 new ordinary shares ("**MLS Shares**") were to be allotted and issued to Morgan Lewis Stamford ("**MLS**"). The then director of MLS in charge of the Company's past transactions had verbally confirmed with the Company that MLS will accept the MLS Shares when issued. The Company then proceeded with obtaining necessary approvals with the relevant authorities and the shareholders of the Company with a circular issued to shareholders of the Company to seek their approval at an extraordinary general meeting of the Company held on 27 July 2016. The then director of MLS was informed of the proceedings throughout the process by means of verbal communication (i.e. meetings and phone calls), emails and Company announcements. The then director of MLS subsequently left MLS before the MLS Shares were allotted and issued.

As represented by another director of MLS, MLS has since rejected the MLS Shares and claimed that MLS was not aware of the debt conversion, and the then director of MLS did not have the authority to agree to acceptance of the MLS Shares.

The Company is in active negotiation with MLS to resolve the issue and will update shareholders of the Company on the outcome of negotiations.

BY ORDER OF THE BOARD

Zhou Min Zong
CHIEF EXECUTIVE OFFICER
1 December 2016