



**CACOLA FURNITURE INTERNATIONAL LIMITED**  
(Incorporated in the Cayman Islands)

(Co. Reg. No: 179492)

**FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement and a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group		+ / - %
		Year ended		
		31.12.2014 RMB'000 Unaudited	31.12.2013 RMB'000 Audited	
Revenue		24,718	36,227	(31.8)
Cost of sales		<u>(22,297)</u>	<u>(35,099)</u>	(36.5)
<b>Gross profit</b>		2,421	1,128	114.6
Other income	1	63	1,083	(94.2)
Selling and distribution expenses		(7,637)	(20,168)	(62.1)
Administrative and other operating expenses		(24,379)	(43,761)	(44.3)
Finance costs		<u>(491)</u>	<u>(396)</u>	24.0
<b>Loss before income tax</b>	2	(30,023)	(62,114)	(51.7)
Income tax expense		<u>-</u>	<u>-</u>	NM
<b>Loss attributable to owners of the Company</b>		(30,023)	(62,114)	(51.7)
<b>Other comprehensive income attributable to the owners of the Company</b>				
Exchange difference on translating foreign operations		(84)	1,137	(107.4)
Exchange difference reclassified to profit or loss on deregistration of a subsidiary		<u>-</u>	<u>1,391</u>	NM
<b>Total comprehensive income for the year attributable to the owners of the Company</b>		<u>(30,107)</u>	<u>(59,586)</u>	(49.5)

**Notes:**

1. Other income represents:

	Group		+ / - %
	Year ended		
	31.12.2014	31.12.2013	
	RMB'000	RMB'000	
	Unaudited	Audited	
Bank interest income	24	1,083	(97.8)
Rental Income	39	-	NM
	<u>63</u>	<u>1,083</u>	<u>(94.2)</u>

2. Loss before income tax is arrived at after charging:

	Group		+ / - %
	Year ended		
	31.12.2014	31.12.2013	
	RMB'000	RMB'000	
	Unaudited	Audited	
Deposits written off	-	321	NM
Depreciation of property, plant and equipment	971	1,028	(5.5)
Exchange loss, net	-	65	NM
Impairment loss on trade receivables	-	445	NM
Inventories written off	-	2,980	NM
Operating lease expense	-	977	NM
Property, plant and equipment written off	-	155	NM

*NM: Not meaningful*

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31.12.2014 RMB'000 Unaudited	31.12.2013 RMB'000 Audited	31.12.2014 RMB'000 Unaudited	31.12.2013 RMB'000 Audited
<b>ASSETS AND LIABILITES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13,849	13,474	-	-
Investments in subsidiaries	-	-	-	-
	<u>13,849</u>	<u>13,474</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>				
Inventories	19,338	16,656	-	-
Trade and other receivables and prepayments	41,681	37,294	4,701	-
Cash and bank balances	2,157	22,327	299	9
	<u>63,176</u>	<u>76,277</u>	<u>5,000</u>	<u>9</u>
<b>Current liabilities</b>				
Trade and other payables	24,625	20,799	36,682	32,186
Financial liability	3,860	-	3,860	-
	<u>28,485</u>	<u>20,799</u>	<u>40,542</u>	<u>32,186</u>
<b>Net current assets/(liabilities)</b>	<u>34,691</u>	<u>55,478</u>	<u>(35,542)</u>	<u>(32,177)</u>
<b>Net assets/(liabilities)</b>	<u>48,540</u>	<u>68,952</u>	<u>(35,542)</u>	<u>(32,177)</u>
<b>EQUITY</b>				
<b>Equity attributable to Company's owners</b>				
Share capital	46,566	40,690	46,566	40,690
Reserves	1,974	28,262	(82,108)	(72,867)
<b>Total equity/(Capital deficiency)</b>	<u>48,540</u>	<u>68,952</u>	<u>(35,542)</u>	<u>(32,177)</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

**Amount repayable in one year or less, or on demand**

As at 31 December 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	3,860	-	-

**Amount repayable after one year**

As at 31 December 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

**Details of any collateral**

(i) Bridge Loan of S\$ 500,000 (equivalent to RMB 2,391,000) and (ii) a financial liability of RMB 1,469,000 (the "Financial Liability").

Bridge Loan

As announced on 2 October 2014, the Company entered into a bridge loan agreement ("Bridge Loan") with the lender (the "Lender"), to borrow a sum of up to S\$ 500,000 ("Bridge Loan") for a term of six months for the purposes of meeting the interim financing needs of the Company. Accordingly, the Company shall apply all the proceeds of the Bridge Loan for general working capital purposes and for payment of various miscellaneous expenses, including professional fees associated with the proposed acquisitions by the Company.

The Bridge Loan shall bear a simple interest on the principal outstanding amount of the Bridge Loan at the rate of 10.0% per annum. The Bridge Loan Interest shall be payable in arrears on a pro-rata basis.

For details, please refer to the Company's announcement on 2 October 2014.

**Details of any collateral (Cont'd)**

Financial Liability

On 1 June 2014, the Company entered into a loan agreement ("Loan Agreement") with the lender (the "Lender"), pursuant to which the Lender granted a loan to the Company, 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 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").

The Company and the Lender have, 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% 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 from 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, an aggregate of up to 74,117,452 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.

The remaining amount of RMB 1,469,000 after the allotment and issue of settlement shares that shall be repaid by the Company in cash.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>	
	<b>Year ended</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Cash flows from operating activities</b>		
Loss before income tax	(30,023)	(62,114)
Adjustments for:		
Deposits written off	-	321
Depreciation of property, plant and equipment	971	1,028
Impairment loss on trade receivables	-	445
Interest expense	491	396
Interest income	(24)	(1,083)
Inventories written off	-	2,980
Property, plant and equipment written off	-	155
Operating loss before working capital changes	(28,585)	(57,872)
Changes in inventories	(2,682)	13,591
Changes in trade and other receivables	314	1,902
Changes in prepayments	(4,700)	87
Changes in trade and other payables	3,827	9,073
Cash used in operations	(31,826)	(33,219)
Income taxes	-	-
Net cash used in operating activities	<u>(31,826)</u>	<u>(33,219)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,347)	(1,400)
Interest received	24	1,083
Net cash used in investing activities	<u>(1,323)</u>	<u>(317)</u>
<b>Cash flows from financing activities</b>		
Inception of loan	13,554	5,417
Repayment of loan	(9,694) *	(246)
Interest expense	(491)	-
Issue of shares	9,694 *	3,097
Net cash generated from financing activities	<u>13,063</u>	<u>8,268</u>
<b>Net decrease in cash and cash equivalents</b>	(20,086)	(25,268)
Effect of foreign exchange difference	(84)	-
Cash and cash equivalents at beginning of the year	22,327	47,595
<b>Cash and cash equivalents at end of the year</b>	<u>2,157</u>	<u>22,327</u>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<u>2,157</u>	<u>22,327</u>

\* Non-cash item

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>The Group</b>							
Balance as at 1 January 2013 (audited)	34,999	132,767	23,570	(54)	19,802	(93,866)	117,218
Issue of share	5,691	5,629	-	-	-	-	11,320
Loss for the year	-	-	-	-	-	(62,114)	(62,114)
<u>Other comprehensive income:</u>							
Currency translation difference	-	-	-	2,528	-	-	2,528
Total comprehensive income for the year	-	-	-	2,528	-	(62,114)	(59,586)
Balance as at 31 December 2013(audited)	40,690	138,396	23,570	2,474	19,802	(155,980)	68,952
Balance as at 1 January 2014 (audited)	40,690	138,396	23,570	2,474	19,802	(155,980)	68,952
Issue of share	5,876	3,818	-	-	-	-	9,694
Loss for the year	-	-	-	-	-	(30,023)	(30,023)
<u>Other comprehensive income:</u>							
Currency translation difference	-	-	-	(84)	-	-	(84)
Total comprehensive income for the year	-	-	-	(84)	-	(30,023)	(30,107)
Balance as at 31 December 2014 (unaudited)	46,566	142,214	23,570	2,390	19,802	(186,003)	48,539
<b>The Company</b>							
Balance as at 1 January 2013 (audited)	34,999	132,767	150,119	(37,443)	-	(312,813)	(32,371)
Issue of share	5,691	5,629	-	-	-	-	11,320
Loss for the year	-	-	-	-	-	(13,790)	(13,790)
<u>Other comprehensive income:</u>							
Currency translation difference	-	-	-	2,664	-	-	2,664
Total comprehensive income for the year	-	-	-	2,664	-	(13,790)	(11,126)
Balance as at 31 December 2013 (audited)	40,690	138,396	150,119	(34,779)	-	(326,603)	(32,177)
Balance as at 1 January 2014 (audited)	40,690	138,396	150,119	(34,779)	-	(326,603)	(32,177)
Issue of share	5,876	3,818	-	-	-	-	9,694
Loss for the year	-	-	-	-	-	(12,844)	(12,844)
<u>Other comprehensive income:</u>							
Currency translation difference	-	-	-	(215)	-	-	(215)
Total comprehensive income for the year	-	-	-	(215)	-	(12,844)	(13,059)
Balance as at 31 December 2014(unaudited)	46,566	142,214	150,119	(34,994)	-	(339,447)	(35,542)

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of changes in Company's share capital were disclosed in item 1(b)(ii).

Apart from the settlement shares issued for the Loan as disclosed in item 1(b)(ii), there were no convertibles outstanding nor shares held as treasury shares for the year ended 31 December 2014.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31.12.2014	As at 31.12.2013
Total number of issued shares	511,154,399	437,037,399
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>511,154,399</u>	<u>437,037,399</u>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted all the new/amended International Financial Reporting Standards ("new/amended IFRSs") that became effective on 1 January 2014. Except the adoption of these new/amended IFRSs, the Group has consistently adopted the same accounting policies and methods of computations as stated in the audited financial statements of the Group for the year ended 31 December 2013.



5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new/amended IFRSs does not have any material financial impact on the Group's financial statements.

6. **Earnings/(Loss) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>Year ended</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Audited</b>
a) based on the weighted average number of shares (RMB cents)	(6.5)	(16.4)
Weighted average number of shares	463,638,300	379,958,000
b) based on a fully diluted basis (RMB cents)	N/A	N/A
Adjusted weighted average number of shares	N/A	N/A

Basic (loss) per shares are calculated based on loss attributable to the owners of the Company for the year divided by the weighted average of 463,638,300 shares (year ended 2013: weighted average of 379,958,000 shares).

As there are no potential dilutive ordinary shares during the year, no dilutive earnings per share is presented.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:  
 (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	Group		Company	
	31.12.2014 RMB'000 Unaudited	31.12.2013 RMB'000 Audited	31.12.2014 RMB'000 Unaudited	31.12.2013 RMB'000 Audited
Net asset value ("NAV") per ordinary share (RMB cents)	10.0	16.0	(7.0)	(7.0)
Number of shares (excluding treasury shares)	511,154,399	437,037,399	511,154,399	437,037,399

Net asset value per share is calculated based on total equity of the Group and the Company as at 31 December 2014 and 31 December 2013 and based on the issued share capital of 511,154,399 and 437,037,399 ordinary shares (excluding treasury shares) in issue as at 31 December 2014 and 31 December 2013 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Review of Group Performance**

**Revenue**

Product Type	FY2014 (RMB mil)	% of Total Revenue	FY2013 (RMB mil)	% of Total Revenue	% Change
Panel Furniture	15.8	64.0	23.0	63.5	(31.3)
Sofa	7.7	31.2	11.0	30.4	(30.0)
Mattress	1.2	4.8	2.2	6.1	(45.5)
<b>Total</b>	<b>24.7</b>	<b>100.0</b>	<b>36.2</b>	<b>100.0</b>	<b>(31.8)</b>

For the year ended 31 December 2014 ("FY2014"), we have recorded a further significant decrease in sales of panel furniture, sofa and mattress. Our total revenue declined by RMB11.5 million or 32% from RMB36.2million for the year ended 31 December 2013 ("FY2013") to RMB24.7million for FY2014. The decline in our total revenue was mainly attributable to the decrease in the sales of mattresses by RMB1million, sofa by RMB3.3 million and panel furniture by RMB7.2million respectively.

The revenue decline in the PRC market was mainly attributed to (i) the decrease in sales orders from existing specialty stores either operated by our distributors or by third party retailers under license from our distributors, (ii) the closure of old specialty stores and (iii) the decrease in sales from our own CACOLA mega store in Dongguan City.

The Chinese Government measures to dampen the robust residential property market and rein in bank loans under a tightened credit policy also had a ripple effect on our business.

The major raw materials used for furniture production included MDF boards, fabric, foam and metal hardware. During the current year, we have faced rising costs in major raw materials charged by our suppliers, resulting in further deterioration in our gross profit margin compare to previous years.

**Operating Expenses**

Operating expenses comprise (i) selling and distribution expenses and (ii) administrative and other operating expenses. Operating expenses decreased to RMB 32 million in FY2014, representing a drop of RMB32 million or 50% from RMB 64million in FY2013 due to the tight control on expenditure.

Operating expenses comprise advertising expenses, staff costs, depreciation, rental and commission paid to sales and marketing staff, entertainment, telephone expenses, motor vehicle expenses and travelling expenses decreased in line with the slowdown of business activity.

## **Review of Group Financial Position**

### **Property, Plant and Equipment ("PPE")**

PPE increased by RMB0.4 million, represents acquisition of a property, plant and equipment and depreciation charge for the year.

### **Inventories**

Inventories increased by RMB2.6 million as a result of sale orders to be delivered in the next year.

### **Trade and other receivables**

Trade and other receivables comprise of trade receivables, prepayment and expense prepaid for the professional fees for reverse take-over project of the Company. An increase of 11.8% from RMB 37.3m to RMB 41.7m mainly due to increase in prepayment and deposit paid for the reverse take-over project.

### **Trade and other payables**

Trade and other payables increased by 18.3% from RMB 20.8 million to RMB 24.6 million due to increase in accrued reverse take-over expenses.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, is there any variance between it and the actual results?**

The actual results for 2014 are consistent with the commentary under paragraph 10 and the update announcements released by the Company in previous periods.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

We have experienced a persistent drop in turnover in both the local and overseas markets. Rising costs over the period in review will likely persist into the foreseeable future due to accelerated domestic inflation. Competition will also intensify both locally and overseas while the global economic environment will probably remain uncertain.

The Chinese Government measures to dampen the robust residential property market and rein in bank loans under a tightened credit policy also had a ripple effect on our business. The Group will develop new business strategies for the furniture business.

Announced on 10th 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, with their FY2014 net profit exceeding RMB120 million. Goyes had since appointed Foo Kon Tan as the reporting accountants and Bakertilly Hong Kong Limited as their internal auditor to strength their internal management processes. The Company has completed various due diligence reviews on the Goyes Group, and pre-clearance submission had been made to SGX. Upon the successful of the RTO, the Company will transform itself into a group which holds a profitable meat processing and related business. The management is actively engaged with professionals and regulators working towards completing the RTO in 2015.

The Company has announced on 2nd October 2014, to secure a Placement Loan Facility of up to SGD45 million with Advance Opportunities Fund to fund this RTO exercise. The Company is in the process of submitting the circular for SGX clearance. This cash funding exercise is critical as it enables the Company to fulfill the key condition precedent of the Sales and Purchase Agreement with the Goyes Group.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Nil

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded for the year ended 31 December 2014.

**13. Interested Person Transactions**

There was no interested person transaction for FY2014.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT**

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Analysis by business segments are as follows:

<b>FY2014</b>	<b>Panel Furniture RMB'000</b>	<b>Sofa RMB'000</b>	<b>Mattress RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue from segment</b>	15,788	7,682	1,248	24,718
<b>FY2013</b>	<b>Panel Furniture RMB'000</b>	<b>Sofa RMB'000</b>	<b>Mattress RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue from segment</b>	23,015	11,006	2,206	36,227

The Group's operations and the management team of the Group are domiciled and located in the PRC. The Group's major customers are located in the PRC and Hong Kong. The design, manufacturing and sales of panel furniture, sofa and mattress are carried out in the PRC. Reportable segment revenue by geographical region is based on location of the ultimate users.

The Group's revenue from external customers is divided into the following geographical region:

**Geographical Segments**

	<b>FY2014 RMB'000</b>	<b>FY2013 RMB'000</b>
PRC	21,025	33,990
Others	3,693	2,237
	<u>24,718</u>	<u>36,227</u>

On a geographical basis, revenue from both the PRC market and Export market dropped by 38.1% to RMB21.0million and increased by 65.1% to RMB3.7 million respectively.

The revenue decline in the PRC market was mainly attributed to (i) the decrease in sales orders from existing specialty stores either operated by our distributors or by third party retailers under license from our distributors, (ii) the closure of old specialty stores and (iii) the decrease in sales from our own CACOLA mega store in Dongguan City.

15. **A breakdown of sales**

	FY2014 RMB'000	FY2013 RMB'000	Change %
(a) Sales reported for first half	12,220	16,624	(26.5)
(b) Operating loss after tax reported for first half	(19,591)	(25,166)	(22.2)
(c) Sales reported for second half	12,498	19,603	(36.2)
(d) Operating loss after tax reported for second half	(10,432)	(36,948)	(71.8)

16. **A breakdown of the total annual dividend (in dollar value) or the issuer's latest full year and its previous full year**

	FY2014	FY2013
Ordinary	Nil	Nil
Preference	Nil	Nil
Total:	Nil	Nil

17. **Disclosure under Rule 704(13) of the SGX Listing Manual**

The Company wishes to confirm that there is no person occupying a managerial position in the company or any of its principal subsidiaries who is a relative of a director or the CEO or substantial shareholder of the company.

18. **Status report on**

**i) Use of IPO Proceeds**

Future Plans	Remaining IPO Proceeds as at 30 September 2014 (RMB million)	Amount utilised (RMB million)	As at 31 December 2014 (RMB million)
(i) Expand the sales and distribution network through collaboration with existing and new distributors in the PRC	0.5	0.2	0.3
(ii) Strengthen our brand name	0.6	0.2	0.4
(iii) Upgrade our production facilities for our panel furniture and sofa products	2.0	-	2.0
(iv) Upgrade our CACOLA mega store in Dongguan City	-	-	-
(v) Balance as general working capital to finance our continued growth and development	-	-	-
	<u>3.1</u>	<u>0.4</u>	<u>2.7</u>

**ii) Use of Placement Proceeds**

To the date of this announcement, the Company had fully utilised the placement proceeds according to the usage as announced on 28 August 2014.

BY ORDER OF THE BOARD

Zhou Zhuo Lin

Chief Executive Officer

27 February 2015