

CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

Company Registration No. 179492

**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**

1. **INTRODUCTION**

The Board of Directors (the “**Board**”) of Cacola Furniture International Limited (the “**Company**”) wishes to announce that the Company has, on 17 April 2016, entered into a settlement agreement (“**Settlement Agreement**”) with the following parties (collectively the “**Creditors**” and each a “**Creditor**”) :

- a. Wang Wei Jun;
- b. Lee Sai On;
- c. Wan Min;
- d. RHB Securities Singapore Pte Ltd;
- e. MBE Corporate Advisory Pte Ltd;
- f. Boardroom Corporate & Advisory Services Pte Ltd;
- g. Morgan Lewis Stamford LLC;
- h. Voyage Research Pte Ltd;
- i. MS Corporate Finance Pte Ltd;
- j. Fan Cheuk Siu;
- k. Lau Kay Heng;
- l. Ho Soo Jeow;
- m. Yeo Kan Yen Alvin;
- n. Chow Tat Ming Henry;
- o. Zhou Zhuo Lin;
- p. Zhou Min Zong;
- q. Leung Chun Wing; and
- r. Ng Cheuk Lun.

with respect to the repayment of the total sum of S\$4,062,306 (“**Debt**”) owing by the Company to the Creditors as at **31 December 2015**.

Pursuant to the Settlement Agreement, the Company has agreed to repay the Debt through an allotment and issue to the Creditors of **902,734,645** new ordinary shares in the capital of the Company ("**Settlement Shares**") at an issue price of S\$0.0045 per Settlement Share ("**Issue Price**") representing 56.01% of the enlarged issued and paid up share capital of the Company ("**Proposed Placement**"). As at the date of this announcement, the Company has issued a total of 709,013,304 fully paid-up ordinary shares in the capital of the Company and after the issuance of the Settlement Shares, the Company will have issued a total of 1,611,747,949 fully paid-up ordinary shares in the capital of the Company.

2. **BACKGROUND OF THE DEBT**

The Debt comprises mainly of amounts incurred by the Company for certain professional services with respect to work done for the acquisition of the entire equity interest of a company/ a group of companies owned by Sharp Year Ventures Limited which was first announced by the Company on 10 April 2014 and which was terminated by the Company on 29 September 2015 with the announcement for the termination made by the Company on 30 September 2015.

The remainder of the Debt comprises of : (a) management and director salary, fees and expenses; and (b) amount due to a Director. The number of Settlement Shares to be allotted to certain Directors are as set out below :

- (a) Fan Cheuk Siu – 20,000,000 Settlement Shares
- (b) Lau Kay Heng – 36,974,667 Settlement Shares
- (c) Yeo Kan Yen Alvin – 49,101,423 Settlement Shares
- (d) Chow Tat Ming Henry – 175,768,968 Settlement Shares
- (e) Zhou Min Zong – 5,897,617 Settlement Shares

3. **ISSUE PRICE**

The Issue Price of S\$0.0045 represents a discount of 10% to the volume weighted average price of S\$0.005 for trades done on the ordinary shares of the Company on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 13 April 2016 (being the full market date preceding the date on which the Settlement Agreement was entered into).

4. **EGM**

The allotment and issue of the Settlement Shares are subject to the approval of the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting of the Company ("**EGM**") to be convened. Additionally, there may be a change in controlling interest pursuant to Listing Rule 803 of the SGX-ST Listing Manual for which specific Shareholders' approval shall be sought.

5. **KEY TERMS OF THE SETTLEMENT AGREEMENT**

5.1 The issuance of the Settlement Shares to the Creditors in satisfaction of the Debt is conditional upon the following being fulfilled (or waived):

- (a) all necessary consents, approvals and waivers of all relevant government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in the Settlement Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Company or the Creditors, as relevant, including without limitation, the approval for the listing and quotation of the Settlement Shares on the Official List of the SGX-ST being obtained from the SGX-ST

and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Creditors and the Company;

- (b) the allotment and issue of the Settlement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of this Settlement Agreement by any applicable legislative, executive or regulatory body or authority of Singapore or the Cayman Islands;
- (c) all necessary resolutions of the Shareholders having been obtained for the entry into, implementation and closing of, the transactions contemplated in the Settlement Agreement and all other transactions in connection therewith and incidental thereto, including but not limited to the allotment and issuance of the Settlement Shares;
- (d) there having been no occurrence of any event or discovery of any fact rendering any of the representations, warranties and undertakings (as relevant) by the Company or the Creditor as set out in the Settlement Agreement, untrue or incorrect in any material respect as at the date falling no later than seven (7) business days after the later of the satisfaction or waiver of the conditions precedent above, or such other later date as the Company and the Creditors may agree in writing ("**Repayment Date**") as if they had been given again on the Repayment Date; and
- (e) the Company and each Creditor not being in any material breach of any of the undertakings and the covenants in the Settlement Agreement as at the Repayment Date.

5.2 Long-Stop Date

If the conditions precedent in paragraph 5.1 (a), (b) and (c) have not been fulfilled by 31 July 2016 ("**Long-Stop Date**"), the Settlement Agreement (other than any clauses which survive termination as set out in the Settlement Agreement ("**Surviving Clauses**") shall automatically terminate and the obligations of the Company to allot and issue the Settlement Shares and the Creditors to subscribe for the Settlement Shares shall *ipso facto* cease and determine thereafter, and no party (save as provided for in the Surviving Clauses) shall have any claim against the other party for costs, expenses, damages, losses, compensation or otherwise in connection with the Settlement Agreement (save in respect of any breaches by any party which have accrued prior to termination).

5.3 Settlement Shares

The allotment and issue of the Settlement Shares in accordance with the Settlement Agreement, represents approximately 127.32% of the existing issued and paid-up share capital of the Company as at the date of this announcement and approximately 56.01% of the enlarged issued and paid-up share capital of the Company after taking into consideration the Settlement Shares.

5.4 Ranking of the Settlement Shares

The Settlement Shares, when issued and fully paid, will rank *pari passu* in all respects with and shall carry all rights similar to the existing ordinary shares in the capital of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of completion of the allotment and issue of the Settlement Shares.

6. USE OF PROCEEDS

The proceeds from the allotment and issuance of the Settlement Shares shall be used towards full and final settlement of the Debt.

7. **APPLICATION TO THE SGX-ST**

The Company will be making an application to the SGX-ST for the listing and quotation of the Settlement Shares to the Official List of the SGX-ST. The Company will make the necessary announcement(s) once the approval-in-principle for the listing and quotation of the Settlement Shares has been obtained from the SGX-ST.

8. **FINANCIAL EFFECTS OF THE PROPOSED REPAYMENT**

For illustrative purposes only, based on the audited full year results of the Company for the year ended 31 December 2015, the financial effects of the Proposed Placement are calculated based on the following assumptions:

- (a) for the purpose of computing the loss per Share ("**LPS**") of the Group after the completion of the Proposed Settlement, it is assumed that the allotment and issuance of the Settlement Shares was completed on 31 December 2015;
- (b) for the purpose of computing the net tangible assets ("**NTA**") per Share, it is assumed that the Proposed Settlement was completed on 31 December 2015.
- (c) for illustrative purpose, the exchange rate is SGD1: RMB4.76

Share Capital

	Number of Shares	Share Capital (HK\$)
Issued and paid- up share capital before allotment of Settlement Shares	709,013,304	70,901,330
Issued and paid-up share capital after allotment of Settlement Shares	1,611,747,949	161,174,795

Net Tangible Assets ("NTA**")**

	Before the allotment of Settlement Shares	After the allotment of Settlement Shares
Consolidated NTA attributable to Shareholders	RMB8,768,000	RMB28,104,000
Number of issued Shares	709,013,304	1,611,747,949
NTA per Share	RMB Cents 1.24	RMB cents 1.74

Loss Per Share (“LPS”)

	Before the allotment of Settlement Shares	After the allotment of Settlement Shares
Consolidated loss after taxation	RMB1,734,000	RMB1,734,000
Weighted average number of shares for the year ended 31 December 2015	587,480,000	589,953,000
LPS	RMB cents 0.30	RMB cents 0.29

9. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save in their respective roles as Directors and/ or shareholders of the Company and save as set out in paragraph 2 above, none of the Directors nor the substantial shareholders of the Company or their respective associates have any interest, direct or indirect, in the Proposed Placement.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the proposed allotment and issuance of the Settlement Shares will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

ZHOU MIN ZONG
CHIEF EXECUTIVE OFFICER
18 April 2016