LORENZO INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200508277C)

RESPONSE TO SGX-ST'S QUERIES

The Board of Directors of Lorenzo International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Company in relation to the Company's results announcement for the financial year ended 31 March 2019 ("**FY2019**") (the "**Full Yearly Results**"):

SGX-ST's Query 1

On page 2 of the Company's FY 2019 Full Yearly Results, the Company disclosed that "Other payables" amounting to $9.67mil. Please provide a breakdown and the aging on the "Other payables". Please also disclose the nature and reason for the outstanding payables.

Company's response

The Company wishes to highlight that the breakdown for "Other payables" was provided on page 7 of the Full Yearly Results. For ease of reference, the breakdown is re-produced below:-

	31/03/2019	**31/03/2018**	**Variance**
Other payables	S$'000	S$'000	S$'000
Other creditors	3,007	7,686	(4,689)
Deposits received	3,826	2,480	1,346
Accruals	2,839	3,281	(442)
Amount due to directors	5	-	5
	9,677	**13,457**	**(3,780)**

The nature of other creditors relates to outstanding balance to non-trade suppliers and the aging breakdown is as follows:-

	S$'000
Less than 30 days	20
30 to 60 days	152
60 to 90 days	198
90 to 120 days	144
120 to 180 days	103
More than 180 days	2,390
	3,007

SGX-ST's Query 2

On page 6 of the Company's FY 2019 Full Yearly Results, the Company disclosed "gain on disposal of property, plant and equipment of S$0.9million". Please provide details of these property, plant and equipment and the details under Listing Rule 1010.

Company's response

The Company wishes to clarify that the gain on disposal of property, plant and equipment of S$0.9 million was in the previous financial year ended 31 March 2018 ("**FY2018**"). The Company had announced the details under Listing Rule 1010 in its announcement entitled "Disposal of Properties Located in Kuala Lumpur, Malaysia" dated 15 March 2018. The balance of S$0.1 million relates to the gain of disposal of plant and equipment (e.g. Motor Vehicles) in FY2018.

SGX-ST's Query 3

The Company also disclosed "provision for slow-moving inventories of S$3.4million recognized in FY2018". Please provide the nature, aging and reason for the significant provision of these inventories.

Company's response

The Company wishes to state that it has provided the relevant details relating to the nature, aging and reason for the provision of these inventories in its response to SGX queries announcements dated 14 August 2018 and 21 August 2018, respectively.

SGX-ST's Query 4

On page 7 of the Company's FY 2019 Full Yearly Results, the Company disclosed "Other debtors" amounting to negative S$737,000. Please explain why the amount is negative S$737,000 and disclose who are these other debtors and the nature of debt owing.

Company's response

	S$'000
Other debtors	725
Less: Allowance for doubtful debts	(1,462)
	(737)

The negative amount for other debtors arose from overprovision for doubtful debts in prior years. The debts owing related to rental arrears and sales of non-trading items.

SGX-ST's Query 5

The Company also disclosed "Prepayments" amounting to S$1.137million. Please provide details of the "Prepayments".

Company's response

The details of prepayments are as follows:-

	S$'000
Prepaid rental -Taiwan	954
Prepaid insurance and road tax	183
	1,137

SGX-ST's Query 6

On page 10 of the Company's FY 2019 Full Yearly Results, the Company disclosed "Allowance for doubtful debts" amounting to negative S$2.61million. Please provide specific details of these doubtful debts, identify these debtors, nature of the debts and underlying transactions and the reasons for the provision.

Company's response

The Company wishes to clarify that the "Allowance for doubtful debts amounting to S$2.61 million relates to the business segment reporting for FY2018. The details for the allowance for doubtful debts were as follows:-

	S$'000
Trade	1,596
Non-trade	1,014
	2,610

The Company wishes to advise that it had in its response to SGX queries announcement dated 14 August 2018 provided details relating to the allowance for doubtful trade debts of an amount of S$1.33 million. The Group took the prudence approach to provide for the balance of S$0.27 million of trade debts incurred in previous financial years that were deemed uncollectable.

The allowance for doubtful debts – non trade were for rental arrears and monies from sales of non-trading items incurred in previous financial years that were deemed difficult to collect. The Group is still actively chasing the respective debtors for full recovery of the amounts.

SGX-ST's Query 7

Please provide an update on the claims and legal actions relating to Straitsworld. Please disclose the efforts that the directors have undertaken to recover the $2.8 million refundable deposit paid to Straitsworld/Michael Chan Ewe Teik since 18 December 2018.

Company's response

The Company has, since December 2018, been in constant discussion with Straitsworld/Mr Michael Chan to recover the S$2.8 million refundable deposit. As there had not been any conclusive outcome from such discussions, Mr Lim Pang Hern, the Company's Executive Director, arranged a meeting with Mr Michael Chan on 23 July 2019. During the meeting, Mr Lim Pang Hern issued an ultimatum to Mr. Michael Chan that he should by end-August 2019 either (i) furnish the Company with a repayment plan for the refundable deposit or (ii) submit alternative viable business proposals to the Company in place of the refundable deposit, failing which, the Company would commence legal action against Straitsworld/Mr. Michael Chan to recover the refundable deposit. The Company will follow up closely with Mr Michael Chan on this matter and update the Shareholders as and when there are any material developments.

By Order of the Board

Lim Pang Hern
Executive Director
29 July 2019