LORENZO INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200508277C)

PROPOSED DISPOSAL OF A SINGAPORE PROPERTY BY A WHOLLY-OWNED SUBSIDIARY

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1. INTRODUCTION

Lorenzo International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Uhin Holding Pte Ltd ("**Uhin Holding**"), has on 14 January 2019 granted an option to purchase (the "**Option**") to Universal AV Pte. Ltd., an independent third party, (the "**Purchaser**") for a property located at 27 Kaki Bukit Place Singapore 416205 (the "**Singapore Property**") (the "**Proposed Disposal**").

The Proposed Disposal will constitute a major transaction under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**").

Accordingly, the Proposed Disposal is subject to the approval of the shareholders of the Company ("**Shareholders**") under Rule 1014 of the Listing Manual by way of an ordinary resolution. The Company will be seeking the approval of its Shareholders for the Proposed Disposal at an extraordinary general meeting ("**EGM**") to be convened.

2. INFORMATION RELATING TO THE PROPOSED DISPOSAL

2.1 Information on the Singapore Property

Uhin Holding is the registered owner of the Singapore Property. The Singapore Property comprises a 5-storey intermediate terrace factory and has a lease of 60 years commencing from 20 November 1995. The Singapore Property has a gross floor area of approximately 1,218 sqm and was previously used as an office of Uhin Holding. It is currently leased to the Purchaser.

For the purposes of the Proposed Disposal, the Company commissioned Knight Frank Pte Ltd ("**Knight Frank**"), an independent valuer, to perform a desktop valuation on the Singapore Property. Based on the desktop valuation conducted by Knight Frank on 14 May 2019 (the "**Desktop Valuation**"), the valuation of the Singapore Property is approximately S$5 million.

2.2 Consideration

The consideration of the Proposed Disposal is **S$4.86 million** (excluding the prevailing goods and services tax ("**GST**")) (the "**Consideration**").

The Consideration, which was determined at arm's length on a willing buyer-willing seller basis, was derived based on the Desktop Valuation and the prevailing economic conditions.

2.3 Salient terms of the Option

The Proposed Disposal is subject to "The Law Society of Singapore's Conditions of Sale 2012" (the "**General Conditions**"), insofar as they are not contrary to or in conflict with the following:

(a) The Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act (Cap 61); and

(b) The Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act (Cap 294A).

Additionally, pursuant to the terms of the Option, the Consideration shall be fully satisfied in cash and payable to Uhin Holding in the following manner:

(a) A sum of S$157,500 was payable by the Purchaser as the Option fee ("**Option Fee**"). As at the date of this announcement, Uhin Holding has received the payment of the Option Fee from the Purchaser;

(b) A deposit of S$85,500 was payable by the Purchaser upon the exercise of the Option, together, which was payable by the Purchaser by **17 January 2020**, being the latest date on which the Purchaser shall exercise the Option. The Purchaser had exercised the Option to purchase the Singapore Property on **14 January 2020** and made full payment of the sum of S$85,500; and

(c) 95% of the Consideration shall be payable by the Purchaser on the Completion Date (as defined below), together with the prevailing GST.

All payments received by Uhin Holding as Consideration of the Proposed Disposal shall be paid to the mortgagee of the Singapore Property, DBS Bank Ltd..

Additionally, Uhin Holdings and the Purchaser have agreed that the completion of the Proposed Disposal shall be conditional upon, among others, the Group obtaining the requisite approvals in relation to the Proposed Disposal required under the Companies Act of Singapore (Chapter 50) and the Listing Manual.

In the event that the Group fails to obtain the requisite approvals, the Option shall be null and void and Uhin Holding shall refund the deposit of S$85,500 to the Purchaser in full without interest and neither party shall have any further claims against each other.

The completion date of the Proposed Disposal is scheduled on 31 March 2020 or on such earlier date as Uhin Holding and the Purchaser may mutually agree ("**Completion Date**").

3. RATIONALE AND USE OF PROCEEDS

The Proposed Disposal allows the Group to realise its non-core asset and to repay bank borrowings due to its creditors in Singapore.

The estimated expenses of the Proposed Disposal is approximately S$80,000 and will be funded through the Company's internal resources.

The Group estimates that there will be net proceeds of approximately S$4.86 million, being the entire Consideration that will be received upon completion of the Proposed Disposal.

The Group intends to utilise the entire net proceeds of S$4.86 million from the Proposed Disposal towards partial repayment of the existing bank borrowings due to DBS Bank Ltd..

4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019 ("**HY2019**") are as follows:

Listing Rule		Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	(18.3)%[(1)]
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits[(2)]	(189.1)%[(3)]
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares[(4)]	69.1%[(4)]
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable[(5)]
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable[(6)]

Notes:

(1) Under Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities. The net asset value of the Proposed Disposal is S$1,597,000 as at 30 September 2019, compared with the Group's net liability value of S$8,715,000 as at 30 September 2019.

(2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. It should be noted that there had been a net loss reported for the Group for HY2019.

(3) The profit attributable to the Proposed Disposal is S$3,158,000 as at 30 September 2019, compared with the Group's net loss of S$1,670,000 as at 30 September 2019.

(4) Based on the Consideration and the market capitalisation of the Company of approximately S$7,030,407 as at 13 January 2020 (being the full market day immediately preceding the date of the Option in respect of the Singapore Property). Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 439,400,466 ordinary shares, and the volume weighted average price of S$0.016 per share on 13 January 2020.

(5) The Proposed Disposal is not an acquisition of assets.

(6) The Company is not a mineral, oil or gas company.

As the relative figures computed pursuant to Rule 1006(c) in respect of the Proposed Disposal is more than 20%, the Proposed Disposal constitutes a major transaction under Chapter 10 of the Listing Manual. Accordingly, the Company intends to seek the approval of its Shareholders for the Proposed Disposal at the EGM.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial figures set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance of the Group after the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Group after the completion of the Proposed Disposal.

The following financial effects of the Proposed Disposal are computed based on the latest audited consolidated financial statements of the Group for HY2019 and the following bases and assumptions:

(a) the financial effect on the net tangible assets ("**NTA**"**)** per Share is computed based on the assumption that the Proposed Disposal was completed on 30 September 2019; and

(b) the financial effect on the earnings per share ("**EPS**") is computed based on the assumption that the Proposed Disposal was completed on 1 April 2019.

NTA per Share

	Before Proposed Disposal	**After Proposed Disposal**
NTL (S$'000)	(8,715,000)	(5,557,000)
Number of issued Shares	439,400,466	439,400,466
NTL per Share (cents)	(1.98)	(1.26)

EPS

	Before Proposed Disposal	**After Proposed Disposal**
(Loss)/Profit attributable to equity holders of the Company(S$'000)	(1,670,000)	1,488,000
Weighted average number of issued Shares	439,400,466	439,400,466
EPS (cents)	(0.38)	0.33

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholdings in the Company).

7. CIRCULAR TO SHAREHOLDERS

A circular to Shareholders setting out further information on the Proposed Disposal together with the notice of EGM to be convened, will be despatched to Shareholders in due course.

8. DOCUMENTS FOR INSPECTION

A copy of the Option is available for inspection at the registered office of the Company at 23 Neythal Road Blk B #04-03, Singapore 628588, during normal business hours for three (3) months from the date of this Announcement.

9. FURTHER ANNOUNCEMENTS

The Company will make subsequent announcements to update Shareholders when there are material updates as may be necessary or appropriate.

10. CAUTION IN TRADING

Shareholders and potential investors of the Company should note that the Proposed Disposal is subject to the fulfilment of certain conditions precedent.

Shareholders and potential investors of the Company are advised to exercise caution when dealing or trading in the shares of the Company. In particular, Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Lim Pang Hern
Executive Director
13 February 2020