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 half year ended 30 September 2022 ("**HYFY2023**") (the "**HYFY2023 Results**"):

SGX-ST's Query 1

Please disclose:

(i) the nature of and a breakdown and ageing of the Group's other receivables of $8.3 million in bands of 3 months (with upper limit disclosed);
(ii) the Company's plan to recover such receivables, including the recovery actions taken to date; and
(iii) **the Board's assessment of the recoverability of such receivables and when the other receivables will be repaid.**

Company's response

(i) The Company noted that a similar query was raised for its announcement on its full year results for the year ended 31 March 2022 and its Q1 results for the period ended 30 June 2022. The breakdown of the amount of S$8.3m has been provided on page 7 of its HYFY2023 results announcement. The table is re-produced below:-

	S$'000
Other debtors	7,063
Deposits	923
Advance to suppliers	65
Prepayments	176
Tax recoverable	85
	8,312

Except for other debtors, no ageing in bands of 3 months are kept for the other accounts. The ageing of other debtors are stipulated below:-

	S$'000
0 to 3 months	51
3 to 6 months	21
6 to 9 months	27
9 to 12 months	148
Above 12 months	6,816
	7,063

Other debtors comprise of receivables that are non-trade in nature. The Company would like to inform that of the amount of S$7.06 million, S$6.69 million relates to the amount due from the purchaser of the disposed foreign subsidiary. This amount remains outstanding as at 30 September 2022.

(ii) The Company has sought legal advice on the recovery of the amount due from the purchaser of the disposed foreign subsidiary. It is weighing the strength of the case and will commence legal proceedings thereafter as well as exploring all other avenues to recover the amount.

(iii) Receivables are reviewed yearly for recoverability and allowance for impairment on receivables would be provided for irrecoverable receivables. Allowance for impairment on receivables would be provided for those receivables that are not recoverable.

SGX-ST's Query 2

We note that the Group had net current liabilities of S$947,000 as at 30 September 2022.

(i) Please explain how the Company is able to meet its short term obligations as and when they fall due; and
(ii) Please assess the Company's ability to operate as a going concern and provide the basis for the Board's view.

Company's response

(i) The business units of the Company in Malaysia and Taiwan are self-sufficient and they are able to meet their short term obligations as and when they fall due. The business unit in Singapore is able to meet its short term obligations through the revenue generated from its sales of sofa, royalty income and dividend income. It also meets its liabilities through instalment repayments. The Company has managed to keep itself afloat since trading of its shares was suspended in December 2018.

(ii) The Board of Directors is of the view that the Group would be able to operate as a going concern as its business unit in Taiwan has been profit making. Results of its Malaysia business unit have also turned around in the last two years. In addition, the Group received royalty and dividend income from its Taiwan unit that enable it to meet its operating needs in Singapore. However, this would change if any winding up proceedings is taken against the Company.

The Company's management has been in discussions with potential investors to raise capital and strengthen the Company's balance sheet. However, such discussions have not concluded in any binding agreement. Any future fundraising will be subject to compliance with relevant laws and the SGX-ST's listing rules, including announcements to be released on SGXNET.

By Order of the Board

Lim Pang Hern
Executive Director
24 November 2022