

LORENZO INTERNATIONAL LIMITED

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

DISPOSAL OF PROPERTIES LOCATED IN KUALA LUMPUR, MALAYSIA

1. INTRODUCTION

The Board of Directors of Lorenzo International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its indirect wholly-owned subsidiary, Ginova Marketing Sdn Bhd (“**Ginova**”) has, on 15 March 2018, entered into the following:

- (a) a sale and purchase agreement (the “**First SPA**”) with an independent third party purchaser, Sri Salan Sdn Bhd, (the “**Purchaser**”) for the sale of its land and property identified as Pajakan Negeri (WP) 39215, Lot 63892, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL and bearing the postal No.14, 14-M, 14-1 & 14-2, Jalan Kepong Usaha 2, Kawasan Perusahaan Kepong, Off Jalan Kepong, 52100 Wilayah Persekutuan Kuala Lumpur (the “**First Property**”); and
- (b) a sale and purchase agreement (the “**Second SPA**”, and together with the First SPA, collectively the “**SPAs**”) with the Purchaser for the sale of its land and property identified as Pajakan Negeri (WP) 39214, Lot 63891, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL and bearing the postal No. 16, 16-M, 16-1 & 16-2, Jalan Kepong Usaha 2, Kawasan Perusahaan Kepong, Off Jalan Kepong, 52100 Wilayah Persekutuan Kuala Lumpur (the “**Second Property**”, and together with the First Property, collectively the “**Properties**”),

for an aggregate consideration of RM4,600,000 (equivalent to S\$1,551,590) (the “**Consideration**”) on the terms and subject to the conditions of the respective SPAs (collectively, the “**Disposal**”). The consideration for the First Property and the Second Property are RM2,300,000 and RM2,300,000, respectively.

As the relative figures computed under Rules 1006(a) and 1006(c) of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) exceed 5% but do not exceed 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

2. PRINCIPLE TERMS AND CONDITIONS OF THE SPA

2.1 Information on the Property

The First Property measures approximately 149 square metres in area together with a three and one-half (3 ½) storey shop-office erected thereon. The Second Property measures approximately 142 square metres in area together with a three and one-half (3 ½) storey shop-office erected thereon.

Each of the Properties is erected on a leasehold land with its respective lease expiring on the 11 July 2101 and is subject to a restriction in interest in that it cannot be transferred, leased or charged without first obtaining the consent of the relevant state authority (the “**State Authority**”).

2.2 Consideration and Payment Terms

The Consideration shall be fully satisfied in cash and was arrived at following arm's length negotiations on a willing-buyer and willing-seller basis, having taken into account, *inter alia*, the

value of the Properties of RM4,350,000.

Under the SPAs, the terms of payment of the Consideration by the Purchaser are as follows:

- (a) prior to the execution of each of the SPAs, the Purchaser has paid an aggregate amount of RM92,000 (being RM46,000 for each of the Properties) to Ginova to secure the purchase of the Properties;
- (b) upon the execution of each of the SPAs, the Purchaser shall pay to the Purchaser's solicitors as stakeholder an aggregate retention sum of RM138,000 (being RM69,000 for each of the Properties) for the payment of real property gains tax;
- (c) upon execution of each of the SPAs, the Purchaser shall pay an aggregate deposit amount of RM230,000 (being RM115,000 for each of the Properties) to Ginova's Solicitors as stakeholder; and
- (d) within three (3) months from the date the Purchaser's solicitors are furnished with a copy of the Consent (as defined below) from the State Authority (the "**Completion Date**"), the Purchaser shall pay a sum of RM4,140,000 (being RM2,070,000 for each of the Properties) (the "**Balance Purchase Price**") under the SPAs to Ginova's solicitors as stakeholders ("**Completion**").

Under the terms of each of the SPAs, in the event that the Purchaser is unable to pay the Balance Purchase Price on or before the Completion Date, Ginova shall grant to the Purchaser an automatic extension of one (1) month provided that the Purchaser shall pay interest to Ginova at the rate of 8% per annum calculated on a daily basis on the Balance Purchase Price until full payment is made.

2.3 Conditions Precedent

The Disposal is conditional upon, *inter alia*, the satisfaction of the following conditions:

- (a) the approvals (the "**Consent**") of the State Authority or any other relevant authority of the transfer of each of the properties to the Purchaser being obtained within 9 months from the date of the SPA; and
- (b) there being no notice of intended acquisition of the Properties published by the Government or any other relevant authority after the date of the SPAs but before the registration of the memorandums of transfer in respect of each of the Properties in favour of the Purchaser.

3. RATIONALE FOR THE DISPOSAL

The Disposal marks an opportunity for the Group to realise the value of the Properties. The proceeds of the Disposal will be used for general working capital of the Group.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases pursuant to Rule 1006 (a) to (d) of the Listing Manual based on the Company's latest audited consolidated financial statements of the Group for the financial year ended 31 March 2017 ("FY2017").

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset ⁽¹⁾ value of the assets to be disposed of, compared with the Group's net asset value	7.2%
(b)	The net profits ⁽²⁾ attributable to the assets disposed of, compared with the Group's net profit	Not applicable to the Disposal as the subject matter are properties and there is no net profit attributable to the assets.
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares	14.2%
(d)	The 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 to the Disposal as it is not an acquisition.
(e)	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable to the Disposal as it is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Notes:

- (1) Under Rule 1002(3)(a), "**net asset**" means total assets less total liabilities.
- (2) Under Rule 1002(3)(b), "**net profit**" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Under Rule 1002(5), "**market capitalisation**" of the Company is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.

For the avoidance of doubt, the relative figures above have been computed based on the aggregate Consideration and the aggregate net asset value of both Properties.

As the relative figures computed under Rules 1006(a) and 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

5. FINANCIAL EFFECTS

5.1 Financial Effects

The financial effects of the Disposal as set out below are purely for illustrative purposes and do not necessarily reflect the future financial position and results of the Group following Completion.

Based on the Group's audited consolidated financial statements for FY2017 (being the most recently completed financial year), the pro forma financial effects of the Disposal are as follows:

	Before the Disposal	After the Disposal
NTA per ordinary share in the capital of the Company as at 31 March 2017 ⁽¹⁾ (cents)	2.12	2.32
Earnings per Share for FY2017 ⁽²⁾ (cents)	(2.46)	(2.22)

Notes:

- (1) The impact on NTA per share as illustrated in the table above is computed based on the audited balance sheet of the Group as at 31 March 2017, assuming that the Disposal had been completed on 31 March 2017.
- (2) The impact on earnings per share as illustrated in the table above is computed based on the audited profit and loss statement of the Group for the financial year ended 31 March 2017, assuming that the Disposal had been completed on 1 January 2016 (the beginning of FY2017).

5.2 Value of the Properties

The Properties are valued at RM4,350,000 based on valuation reports, both dated 16 May 2016 issued by Henry Butcher Malaysia and commissioned by Ginova (the "Valuation Reports").

Based on the Valuation Reports:

- (i) the aggregate NTA value (and book value) of the Properties is approximately RM1,976,981;
- (ii) the net profits attributable to the Properties is RM4,600,000;
- (iii) the excess of the proceeds from the Disposal over the book value of the Properties is approximately RM2,623,019; and
- (iv) the net gain on the Disposal is expected to be approximately RM2,623,019.

5.3 Use of Proceeds

The Company expects to receive gross proceeds of RM4,600,000 from the Disposal (excluding estimated transactional expenses to be incurred in connection with the Disposal).

The Company intends to use the proceeds from the Disposal as general working capital for the requirements of the Group's businesses and operations.

6. SERVICE CONTRACTS

There are no persons who are proposed to be appointed as a Director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has an interest, direct or indirect (other than through their shareholdings in the Company), in the Disposal.

8. DOCUMENTS FOR INSPECTION

A copy each of the SPAs and the Valuation Reports are available for inspection during normal business hours at the Company's registered office for a period of 3 months from the date of this announcement.

9. FURTHER ANNOUNCEMENTS

The Company will make further announcements in relation to the Disposal as and when there are material developments.

10. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Disposal is subject to the fulfilment of the Conditions Precedent set out above and there is no certainty or assurance as at the date of this announcement that the Disposal will be completed. Accordingly, Shareholders and potential investors should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Lim Pang Hern
Executive Director / Deputy Chairman
15 March 2018