

LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Financial Statements and Dividend Announcement For the year ended 31 March 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

|                                                                   | Group                                   |                                       |                                         |         |
|-------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|---------|
|                                                                   | Year ended<br>31/03/2020<br>(unaudited) | Year ended<br>31/03/2019<br>(audited) | Increase/ (Decrease)<br>Mar 20 v Mar 19 |         |
|                                                                   | S\$'000                                 | S\$'000                               | S\$'000                                 | %       |
| Revenue                                                           | 27,553                                  | 29,065                                | (1,512)                                 | (5.20)  |
| Cost of sales                                                     | (14,354)                                | (15,496)                              | 1,142                                   | (7.37)  |
| <b>Gross Profit</b>                                               | <b>13,199</b>                           | <b>13,569</b>                         | (370)                                   | (2.73)  |
| Other operating income                                            | 1,743                                   | 4,162                                 | (2,419)                                 | (58.12) |
| Administrative expenses                                           | (11,950)                                | (14,258)                              | 2,308                                   | (16.19) |
| Distribution and marketing costs                                  | (2,490)                                 | (3,041)                               | 551                                     | (18.12) |
| Other operating expenses                                          | (1,389)                                 | (4,572)                               | 3,183                                   | (69.62) |
| Finance costs                                                     | (1,097)                                 | (1,294)                               | 197                                     | (15.22) |
| (Loss)/ Profit before taxation                                    | <b>(1,984)</b>                          | <b>(5,434)</b>                        | <b>3,450</b>                            | (63.49) |
| Taxation                                                          | (106)                                   | (393)                                 | 287                                     | (73.03) |
| <b>(Loss)/ Profit after taxation</b>                              | <b>(2,090)</b>                          | <b>(5,827)</b>                        | <b>3,737</b>                            | (64.13) |
| (Loss)/ Profit attributable to Equity holders<br>of the Company : | <b>(2,090)</b>                          | <b>(5,827)</b>                        | <b>3,737</b>                            | (64.13) |

Profit/ (Loss) for the year is arrived after charging / (crediting) the following items:

|                                                        | Group                                   |                                       |                                         |          |
|--------------------------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|----------|
|                                                        | Year ended<br>31/03/2020<br>(unaudited) | Year ended<br>31/03/2019<br>(audited) | Increase/ (Decrease)<br>Mar 20 v Mar 19 |          |
|                                                        | S\$'000                                 | S\$'000                               | S\$'000                                 | %        |
| Interest income                                        | (4)                                     | (4)                                   | -                                       | -        |
| Interest expense                                       | 1,084                                   | 1,294                                 | (210)                                   | (16.23)  |
| Depreciation of property, plant & equipment            | 537                                     | 598                                   | (61)                                    | (10.20)  |
| Depreciation of investment properties                  | 569                                     | 573                                   | (4)                                     | (0.70)   |
| Amortisation of land use rights                        | 23                                      | 24                                    | (1)                                     | (4.17)   |
| Foreign exchange (gain)/loss net                       | 277                                     | (290)                                 | 567                                     | (195.52) |
| (Gain)/Loss on disposal of property, plant & equipment | (31)                                    | (11)                                  | (20)                                    | 181.82   |
| Trade receivables written off                          | -                                       | 35                                    | (35)                                    | (100.00) |
| Impairment loss on trade receivables                   | 14                                      | 1,919                                 | (1,905)                                 | (99.27)  |
| Inventories written off                                | -                                       | 20                                    | (20)                                    | (100.00) |
| Allowance for stock obsolescence                       | (12)                                    | (229)                                 | 217                                     | (94.76)  |
| Impairment of property, plant and equipment            | -                                       | 518                                   | (518)                                   | (100.00) |

nm – not meaningful

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1(b) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

|                                                                                                            | Year ended<br>31/03/2020<br>(unaudited) | Year ended<br>31/03/2019<br>(audited) | Increase/ (Decrease)<br>Mar 20 v Mar 19 |                |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|----------------|
|                                                                                                            | S\$'000                                 | S\$'000                               | S\$'000                                 | %              |
| <b>(Loss) for the year</b>                                                                                 | (2,090)                                 | (5,827)                               | 3,737                                   | (64.13)        |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss, at nil tax | -                                       | -                                     | -                                       | n/m            |
| Foreign currency translation differences – foreign operations, at nil tax                                  | 138                                     | 46                                    | 92                                      | 200.00         |
| Other comprehensive ( loss)/ income for the period/ year                                                   | 138                                     | 46                                    | 92                                      | 200.00         |
| <b>Total comprehensive (loss)/ income for the year attributable to owners of the Company</b>               | <b>(1,952)</b>                          | <b>(5,781)</b>                        | <b>3,829</b>                            | <b>(66.23)</b> |

1(c)(i) A balance sheet (for the Issuer and Group), together with a comparative statement as at the end of the immediate preceding financial year

|                                     | Group                              |                                  | Company                            |                                  |
|-------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
|                                     | As at 31Mar<br>2020<br>(unaudited) | As at 31Mar<br>2019<br>(audited) | As at 31Mar<br>2020<br>(unaudited) | As at 31Mar<br>2019<br>(audited) |
|                                     | S\$'000                            | S\$'000                          | S\$'000                            | S\$'000                          |
| <b>ASSETS:</b>                      |                                    |                                  |                                    |                                  |
| <b>Non-Current Assets</b>           |                                    |                                  |                                    |                                  |
| Land use rights                     | 843                                | 869                              | -                                  | -                                |
| Property, plant and equipment       | 4,340                              | 4,466                            | 10                                 | 16                               |
| Investment properties               | 7,515                              | 8,113                            | -                                  | -                                |
| Investment in subsidiaries          | -                                  | -                                | -                                  | -                                |
| Deferred tax assets                 | 15                                 | 14                               | -                                  | -                                |
|                                     | 12,713                             | 13,462                           | 10                                 | 16                               |
| <b>Current Assets:</b>              |                                    |                                  |                                    |                                  |
| Land use rights                     | 24                                 | 24                               | -                                  | -                                |
| Inventories, at cost                | 8,120                              | 8,507                            | -                                  | -                                |
| Amount due from subsidiaries        | -                                  | -                                | 815                                | 1,058                            |
| Trade receivables                   | 2,276                              | 1,544                            | -                                  | -                                |
| Other receivables                   | 2,080                              | 2,567                            | 40                                 | 38                               |
| Fixed deposits with banks           | -                                  | 49                               | -                                  | -                                |
| Cash and cash equivalents           | 1,075                              | 875                              | 2                                  | 6                                |
|                                     | 13,575                             | 13,566                           | 857                                | 1,102                            |
| <b>Total assets</b>                 | <b>26,288</b>                      | <b>27,028</b>                    | <b>867</b>                         | <b>1,118</b>                     |
| <b>EQUITY AND LIABILITIES:</b>      |                                    |                                  |                                    |                                  |
| <b>Capital and Reserve</b>          |                                    |                                  |                                    |                                  |
| Share capital                       | 39,949                             | 39,949                           | 39,949                             | 39,949                           |
| Reserves                            | (49,231)                           | (47,279)                         | (44,013)                           | (42,097)                         |
|                                     | (9,282)                            | (7,330)                          | (4,064)                            | (2,148)                          |
| <b>Non-current liabilities</b>      |                                    |                                  |                                    |                                  |
| Borrowings                          | 82                                 | 27                               | -                                  | -                                |
| Contract liabilities                | 29                                 | 469                              | -                                  | -                                |
| Deferred tax                        | 96                                 | 96                               | -                                  | -                                |
| Deferred income                     | -                                  | -                                | -                                  | -                                |
|                                     | 207                                | 592                              | -                                  | -                                |
| <b>Current Liabilities</b>          |                                    |                                  |                                    |                                  |
| Trade payables                      | 1,960                              | 2,810                            | -                                  | -                                |
| Other payables                      | 9,922                              | 7,974                            | 3,275                              | 1,997                            |
| Contract liabilities                | 4,315                              | 3,909                            | -                                  | -                                |
| Amount due to a subsidiary          | -                                  | -                                | 1,588                              | 1,197                            |
| Amount due to directors             | 72                                 | 72                               | 68                                 | 72                               |
| Provision for taxation              | 77                                 | 77                               | -                                  | -                                |
| Borrowings                          | 19,017                             | 18,924                           | -                                  | -                                |
|                                     | 35,363                             | 33,766                           | 4,931                              | 3,266                            |
| <b>Total equity and liabilities</b> | <b>26,288</b>                      | <b>27,028</b>                    | <b>867</b>                         | <b>1,118</b>                     |

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1(c)(ii) Aggregate amount of the Group's borrowings and debt securities.

|                                                    | As at 31 March 2020 |                      | As at 31 March 2019 |                      |
|----------------------------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                                    | Secured<br>S\$'000  | Unsecured<br>S\$'000 | Secured<br>S\$'000  | Unsecured<br>S\$'000 |
| Amount repayable in one year or less, or on demand | 19,017              | -                    | 18,924              | -                    |
| Amount repayable after one year                    | 82                  | -                    | 27                  | -                    |

**Details of any collateral**

All bank facilities are secured and guaranteed by the Company, except those of Malaysia subsidiaries which are secured and guaranteed by one or more of the following:-

- (a) a guarantee given by the Company;
- (b) a guarantee given by a subsidiary;
- (c) first legal mortgage of the Group's leasehold properties;
- (d) debenture over a subsidiary's present and future fixed and floating assets.

1(d) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

|                                                                                                      | Group                                              |                                                  |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------|
|                                                                                                      | Year ended<br>31/03/2020<br>(unaudited)<br>S\$'000 | Year ended<br>31/03/2019<br>(audited)<br>S\$'000 |
| <b>Cash Flows from operating activities</b>                                                          |                                                    |                                                  |
| Loss before taxation                                                                                 | (1,984)                                            | (5,434)                                          |
| Adjustments for:-                                                                                    |                                                    |                                                  |
| Amortisation of land use rights                                                                      | 23                                                 | 24                                               |
| Depreciation of property, plant and equipment                                                        | 537                                                | 598                                              |
| Depreciation of investment properties                                                                | 569                                                | 573                                              |
| Impairment loss on trade and other receivables                                                       | 14                                                 | 1,919                                            |
| Impairment loss on property, plant and equipment                                                     | -                                                  | 518                                              |
| (Gain)/ loss on disposal of property, plant & equipment                                              | (31)                                               | (11)                                             |
| (Reversal of)/Allowance for inventory obsolescence                                                   | 12                                                 | (229)                                            |
| Inventories written off                                                                              |                                                    | 20                                               |
| Interest expense                                                                                     | 1,084                                              | 1,294                                            |
| Interest income                                                                                      | (4)                                                | (4)                                              |
| <b>Operating profit/(loss) before working capital changes</b>                                        | <b>220</b>                                         | <b>(732)</b>                                     |
| Changes in inventories                                                                               | 375                                                | (1,251)                                          |
| Changes in operating receivables                                                                     | (726)                                              | 1,029                                            |
| Changes in operating payables                                                                        | 980                                                | (3,322)                                          |
| Changes in contract liabilities                                                                      | (34)                                               | (842)                                            |
| <b>Net cash generated from/(used in) operations</b>                                                  | <b>815</b>                                         | <b>(5,118)</b>                                   |
| Interest expense                                                                                     | (1,084)                                            | (987)                                            |
| Income tax received                                                                                  | 466                                                | 109                                              |
| Income tax paid                                                                                      | (173)                                              | (454)                                            |
| <b>Net cash generated from/(used in) operating activities</b>                                        | <b>24</b>                                          | <b>(6,450)</b>                                   |
| <b>Cash Flows generated from/(used in) investing activities</b>                                      |                                                    |                                                  |
| Acquisition of property, plant and equipment                                                         | (106)                                              | (490)                                            |
| Acquisition of investment properties                                                                 |                                                    | (186)                                            |
| Proceed from disposal of property, plant and equipment                                               | 31                                                 | 73                                               |
| Interest received                                                                                    | 4                                                  | 4                                                |
| <b>Net cash generated from/(used in) investing activities</b>                                        | <b>(71)</b>                                        | <b>(599)</b>                                     |
| <b>Cash Flows generated from/(used in) financing activities</b>                                      |                                                    |                                                  |
| Repayment of bank loans                                                                              | (418)                                              | -                                                |
| Proceeds from bank loan                                                                              | -                                                  | 5,842                                            |
| (Repayment)/ Net proceeds of trust receipts and bills payable                                        | (69)                                               | 723                                              |
| Loan from directors                                                                                  | -                                                  | 72                                               |
| Repayment of finance lease liabilities                                                               | (12)                                               | (39)                                             |
| <b>Net cash generated from/(used in) financing activities</b>                                        | <b>(499)</b>                                       | <b>6,598</b>                                     |
| <b>Net increase/(decrease) in cash &amp; cash equivalents</b>                                        | <b>(546)</b>                                       | <b>(451)</b>                                     |
| Cash & cash equivalents at beginning of the period                                                   | (4,796)                                            | (4,331)                                          |
| Net effect of exchange rate changes on balance of cash and cash equivalents at beginning of the year | 133                                                | (14)                                             |
| <b>Cash and cash equivalents at end of the year/period</b>                                           | <b>(5,209)</b>                                     | <b>(4,796)</b>                                   |

Note 1:

**Cash and cash equivalents at end of the period**

Cash and bank balances  
 Fixed deposit  
 Bank overdraft

| Group                                   |                                      |
|-----------------------------------------|--------------------------------------|
| Year ended<br>31/03/2020<br>(unaudited) | Yearended<br>31/03/2019<br>(audited) |
| S\$'000                                 | S\$'000                              |
| 1,075                                   | 874                                  |
| -                                       | 49                                   |
| (6,284)                                 | (5,719)                              |
| (5,209)                                 | (4,796)                              |

1(d)(i) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

|                                   | Attributable to equity holders of the Company |                                |                    |                   |                      |               |              |
|-----------------------------------|-----------------------------------------------|--------------------------------|--------------------|-------------------|----------------------|---------------|--------------|
|                                   | Exchange<br>Translation<br>Reserves           | Statutory<br>Common<br>Reserve | Capital<br>Reserve | Merger<br>Reserve | Retained<br>earnings | Share Capital | Total Equity |
| Group                             | S\$'000                                       | S\$'000                        | S\$'000            | S\$'000           | S\$'000              | S\$'000       | S\$'000      |
| <b>2020</b>                       |                                               |                                |                    |                   |                      |               |              |
| Balance as at 1 Apr 2019          | (5,161)                                       | -                              | 838                | (3,282)           | (39,674)             | 39,949        | (7,330)      |
| Loss for the year                 | -                                             | -                              | -                  | -                 | (2,090)              | -             | (2,090)      |
| Other comprehensive income/(loss) | 138                                           | -                              | -                  | -                 | -                    | -             | 138          |
| Balance at 31 Mar 2020            | (5,023)                                       | -                              | 838                | (3,282)           | (41,764)             | 39,949        | (9,282)      |
| <b>2019</b>                       |                                               |                                |                    |                   |                      |               |              |
| Balance as at 1 Apr 2018          | (5,207)                                       | -                              | 838                | (3,282)           | (33,846)             | 39,949        | (1,548)      |
| Loss for the year                 | -                                             | -                              | -                  | -                 | (5,828)              | -             | (5,828)      |
| Other comprehensive income/(loss) | 46                                            | -                              | -                  | -                 | -                    | -             | 46           |
| Balance at 31 Mar 2019            | (5,161)                                       | -                              | 838                | (3,282)           | (39,674)             | 39,949        | (7,330)      |

|                          | Retained<br>earnings | Share Capital | Total Equity |
|--------------------------|----------------------|---------------|--------------|
|                          | S\$'000              | S\$'000       | S\$'000      |
| <b>Company</b>           |                      |               |              |
| <b>2020</b>              |                      |               |              |
| Balance as at 1 Apr 2019 | (42,097)             | 39,949        | (2,148)      |
| Loss for the period      | (1,916)              | -             | (1,916)      |
| Balance at 31 Mar 2020   | (44,013)             | 39,949        | (4,064)      |
| <b>2019</b>              |                      |               |              |
| Balance as at 1 Apr 2018 | (39,939)             | 39,949        | 10           |
| Loss for the period      | (2,158)              | -             | (2,158)      |
| Balance at 31 Mar 2019   | (42,097)             | 39,949        | (2,148)      |



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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

|                                              |                    |
|----------------------------------------------|--------------------|
| Issue and fully paid                         | Ordinary Shares    |
| Balance as at 1 April 2019 and 31 March 2020 | <u>439,400,466</u> |

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

|                                                         |                    |                    |
|---------------------------------------------------------|--------------------|--------------------|
| The Company                                             | At 31/03/2020      | At 31/03/2019      |
| Total number of issued shares                           | 439,400,466        | 439,400,466        |
| Total number of issued shares excluding treasury shares | <u>439,400,466</u> | <u>439,400,466</u> |

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company has no treasury shares as at 31 March 2020 and 31 March 2019.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualification or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue

The latest financial statements have not been audited by the Company's auditors.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been fully disclosed.

Not Applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the Group's financial statements for the financial year ended 31 March 2020 as compared with its audited financial statements for the year ended 31 March 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year compared with the audited annual financial statements for the financial period ended 31 March 2019, except for the adoption of certain new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that became effective for the annual period beginning on or after 1 January 2019.

The adoption of these new and revised FRS and INT FRS from the effective date is not expected to result in any material adjustments or substantial impact to the financial statements of the Group for the current financial reporting period reported on.

6. Profit/(Loss) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

(Loss)/ Profit per ordinary share:

Based on weighted average number of ordinary shares in issue

- On fully diluted basis

| Group                    |                          |
|--------------------------|--------------------------|
| Year ended 31 March 2020 | Year ended 31 March 2019 |
| (0.48) cents             | (1.33) cents             |
| (0.48) cents             | (1.33) cents             |

The loss per share of the Group for the year ended 31 March 2020 was computed based on the weighted average number of shares in issue of 439,400,466 (31 March 2019: 439,400,466)

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7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

| Group        |              | Company      |              |
|--------------|--------------|--------------|--------------|
| 31 03 2020   | 31 03 2019   | 31 03 2020   | 31 03 2019   |
| (2.11) cents | (1.67) cents | (0.92) cents | (0.49) cents |

Net asset value per share for the period based on the number of shares in issue.

The net assets value per ordinary share is based on the number of shares in issue of 439,400,466 as at 31 March 2020 (31 March 2019: 439,400,466).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Review commentary on income statement for year ended 31 March 2020

#### Revenue

The Group registered a lower revenue amounting to S\$27.6 million for the financial year ended 31 March 2020 (FY2020) compared to S\$29.1 million in the previous corresponding year (FY2019). The decrease in revenue of S\$1.5 million was mainly due to lower revenue generated from its Furniture segment. The decrease in revenue was mainly attributable to lower sales generated in both Malaysia and Taiwan units amounting to S\$1.3 million and S\$1.0 million respectively offset by an increase in sales in its Singapore unit of S\$0.8 million. The lower sales in Malaysia was due to the closure of retail outlets arising from the movement control order imposed by the Malaysian government in March 2020 while the reduction in sales in Taiwan unit was due to a weak furniture retail market which was worsened by the COVID-19 situation. The increase in Singapore unit's sale was attributed to sales to export customers.

#### Cost of Goods Sold and Gross Profit

Cost of sales reduced by S\$1.1 million from S\$15.5 million to S\$14.4 million. The lower cost of sales was due to reduction of production cost during the financial year and lesser purchases of finished goods. Gross profit was S\$0.4 million lower than FY2019 as a result of lower sales volume despite an decrease in cost of production.

#### Other operating income

Other operating income decreased by S\$2.4 million from S\$4.1 million in FY2019 to S\$1.7 million in FY2020. The decrease was mainly due to waiver of loan from directors of Brezza amounting to S\$0.4 million and allowance on impairment no longer required of S\$0.5 million recognised in FY2019 and lower rental income and miscellaneous income of S\$0.3 million and S\$0.8 million respectively.

#### Administrative expense

Administrative expense decreased by S\$2.3 million or 16.2 percent compared to S\$14.2 million in FY2019. This was mainly due to the overall reduction of administration expenses across the companies in the Group. Reduction of salary related expenses amounted to S\$0.3 million, rental expenses and MIS support expense amounted to S\$0.1 million and S\$0.1 million respectively.

#### Distribution and Marketing costs

Distribution and Marketing costs decreased from S\$3.0 million in FY2019 to S\$2.5 million in FY2020. The decrease arose mainly from the overall reduction of distribution costs in its Taiwan business unit and Singapore retail unit.

#### Other operating expense

Other operating expense decreased by S\$3.2 million from S\$4.6 million in FY2019 to S\$1.4 million in FY2020. This was mainly attributable to the provision for doubtful debts of S\$1.8 million, allowance for impairment of property, plant and equipment of S\$0.5 million recognised in FY2019, reduction in loss in foreign exchange and depreciation charges of S\$0.7 million and S\$0.2 million respectively offset by a reduction in reversal of allowance of stock obsolescence of S\$0.2 million.

#### Finance cost

Finance cost decreased by S\$0.2 million to S\$1.1 million compared to S\$1.3 million in FY2020. The decrease was due to lower interest expense incurred in FY2020 due to repayment of bank borrowings.

#### Taxation

Income tax expense of the Group decreased by S\$0.3 million from S\$0.4 million in FY2019 to S\$0.1 million in FY2020. This was attributable mainly to lower foreign withholding taxes paid in FY2020.

#### Loss for the period

The Group reported a reduced loss of \$2.1 million in FY2020 compared to S\$5.8 million in FY2019. The factors attributing to the lower losses were explained above.

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### Balance Sheet

#### Non-Current Assets

Non-current assets of the Group decreased by S\$0.7 million from S\$13.4 million at 31 March 2019 to S\$12.7 million at 31 March 2020. This was mainly attributable to depreciation charges of property, plant and equipment and investment properties and amortisation charges of land use rights.

#### Current Assets

| <u>Other receivables</u> | 31/3/2020    | 31/3/2019    | Variance |
|--------------------------|--------------|--------------|----------|
|                          | S\$'000      | S\$'000      | S\$'000  |
| Other debtors            | 402          | 336          | 66       |
| Deposits                 | 1,077        | 718          | 359      |
| Advance to suppliers     | 232          | 634          | (402)    |
| Prepayments              | 276          | 383          | (107)    |
| Tax recoverable          | 93           | 496          | (403)    |
|                          | <u>2,080</u> | <u>2,567</u> | (487)    |

The Group's reported current assets amounted to approximately S\$13.6 million as at 31 March 2020. (31 March 2019: S\$13.6 million). The decrease was mainly due to the reduction of inventories and other receivables amounting to S\$0.4 million and S\$0.5 million respectively offset by increase in trade receivables and cash and cash equivalents amounting to S\$0.7 million and S\$0.2 million respectively.

The decrease in other receivables were due to lower advance to suppliers and prepayments of S\$0.4 million and S\$0.1 million respectively and tax refund of S\$0.4 million offset by increase in deposits of S\$0.3 million. The decrease in inventory was due to decrease in finished goods in its Taiwan unit and the increase in trade debtors was due to its Malaysia unit's inability to collect debts arising from the movement control order imposed in March 2020.

#### Non-Current Liabilities

The Group's non-current liabilities decreased to S\$0.2 million at 31 March 2020 (31 March 2019: S\$0.6 million). The decrease was due to the recognition of rental income of its factory in China.

#### Current Liabilities

| <u>Other payables</u> | 31/3/2020    | 31/3/2019    | Variance |
|-----------------------|--------------|--------------|----------|
|                       | S\$'000      | S\$'000      | S\$'000  |
| Other creditors       | 5,676        | 4,834        | 842      |
| Deposit received      | 161          | 161          | -        |
| Accruals              | 4,085        | 2,979        | 1,106    |
|                       | <u>9,922</u> | <u>7,974</u> | 1,948    |

The Group's current liabilities position increased by S\$1.6 million from S\$33.8 million as at 31 March 2019 to S\$35.4 million as at 31 March 2020. The increase was mainly attributable to an increase in other payables and contract liabilities amounting to S\$1.9 million and S\$0.4 million respectively offset by a decrease in trade payables of S\$0.8 million.

The increase in other creditors and accruals were due to lesser repayment made during the financial year reported on.

#### Capital and Reserves

As at 31 March 2020, the Group had negative shareholders' equity of S\$9.3 million compared to S\$7.3 million at 31 March 2019. This was due to accumulated losses and exchange translation loss recorded in the financial year reported on.

#### Cash flow Statement

The Group reported an Operating profit before working capital of S\$0.2 million in FY2020 compared to an Operating loss of S\$5.1 million in FY 2019.

Net cash generated from operating activities was S\$24,000 in FY2020 compared to a net cash used in operating activities of S\$6.4 million in FY2019. This was due to decrease in inventories of S\$0.4 million and trade and other payables of S\$1.0 million which was partially offset by increase in trade and other receivables of S\$0.7 million. Lower income tax paid and higher income tax refund offset by higher interest paid also contributed to the net cash generated from operating activities.

Net cash flow used in investing activities was approximately S\$0.1 million, as a result of acquisition of property, plant and equipment of S\$0.1 million.

Net cash flow used in financing activities was S\$0.5 million compared to net cash flow generated from financing activities of S\$6.6 million in FY2019. This arose from repayment of bank borrowings of S\$0.4 million, trust receipts and bills payable of S\$0.1 million.

Cash and cash equivalents decreased by S\$0.5 million mainly as a result of net cash used in investing activities and financing activities.



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*9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.*

Not applicable

*10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.*

The Group will face stiff challenges in the countries it operates in owing to both the weak demand for furniture arising from lower consumer demand and weak demand in residential property and the COVID-19 situation.

It will manage the business challenges by continuing to reduce its overall cost and expenses and grows its export market to boost its revenue stream.

The Company's management is looking into realising the Group's real estate assets in China in an effort to resolve the going concern issues as well as improve the Group' cash flow.

**11. Dividend**

*(a) Current Financial Period Reported On*

Any dividend recommended for the current financial period reported on?

None

*(b) Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

*(c) Date payable*

Not applicable.

*12. If no dividend has been declared/recommended, a statement to that effect.*

No dividend has been declared or recommended for the financial period reported on.

*13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.*

There is no IPTs for the reporting year ended 31 March 2020.



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**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

14. *Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.*

| (unaudited)<br>2020                                  | Furniture<br>business<br>S\$'000 | Building<br>material<br>business<br>S\$'000 | Unallocated<br>S\$'000 | Total<br>S\$'000 |
|------------------------------------------------------|----------------------------------|---------------------------------------------|------------------------|------------------|
| <b>Revenue</b>                                       |                                  |                                             |                        |                  |
| Total revenue                                        | 27,272                           | 948                                         | -                      | 28,220           |
| Inter-company                                        | (667)                            | -                                           | -                      | (667)            |
| External revenue                                     | <u>26,605</u>                    | <u>948</u>                                  | <u>-</u>               | <u>27,553</u>    |
| <b>Gross profit</b>                                  | 12,635                           | 564                                         | -                      | 13,199           |
| <b>Results</b>                                       |                                  |                                             |                        |                  |
| Segment results                                      | 753                              | 275                                         | (1,915)                | (887)            |
| Finance cost                                         | (951)                            | (146)                                       | -                      | (1,097)          |
| Profit/(Loss) before income tax                      | <u>(198)</u>                     | <u>129</u>                                  | <u>(1,915)</u>         | <u>(1,984)</u>   |
| Income tax expense                                   |                                  |                                             |                        | (106)            |
| Profit/(Loss) for the period                         |                                  |                                             |                        | <u>(2,090)</u>   |
| <b>Non-cash Items</b>                                |                                  |                                             |                        |                  |
| Depreciation of property, plant & equipment          | (531)                            | -                                           | (6)                    | (537)            |
| Depreciation of investment properties                | (569)                            | -                                           | -                      | (569)            |
| Gain/(loss) on disposal of PPE                       | 31                               | -                                           | -                      | 31               |
| Amortisation of intangible assets                    | (23)                             | -                                           | -                      | (23)             |
| PPE written off                                      | -                                | -                                           | -                      | -                |
| Reversal of/(Allowance) for stock obsolescence       | 12                               | -                                           | -                      | 12               |
| Write back of allowance for inventory obsolescence   | -                                | -                                           | -                      | -                |
| Receivables written off                              | -                                | -                                           | -                      | -                |
| Allowance for doubtful debts - operating receivables | (14)                             | -                                           | -                      | (14)             |
| <b>Capital Expenditure</b>                           |                                  |                                             |                        |                  |
| Property, plant & equipment                          | 294                              | -                                           | 2                      | 296              |
| Intangible asset                                     | -                                | -                                           | -                      | -                |
| <b>Assets and Liabilities</b>                        |                                  |                                             |                        |                  |
| Segment assets                                       | 25,732                           | 396                                         | 52                     | 26,180           |
| Tax recoverable                                      | 93                               | -                                           | -                      | 93               |
| Deferred tax assets                                  | <u>15</u>                        | <u>-</u>                                    | <u>-</u>               | <u>15</u>        |
| Segment liabilities                                  | 27,039                           | 5,015                                       | 3,343                  | 35,397           |
| Provision for taxation                               | 77                               | -                                           | -                      | 77               |
| Deferred taxation                                    | <u>96</u>                        | <u>-</u>                                    | <u>-</u>               | <u>96</u>        |

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|                                             | Furniture<br>business | Building<br>material<br>business | Unallocated    | Total          |
|---------------------------------------------|-----------------------|----------------------------------|----------------|----------------|
| Audited<br>2019                             | S\$'000               | S\$'000                          | S\$'000        | S\$'000        |
| <b>Revenue</b>                              |                       |                                  |                |                |
| Total revenue                               | 28,867                | 909                              | -              | 29,776         |
| Inter-company                               | (711)                 | -                                | -              | (711)          |
| External revenue                            | <u>28,156</u>         | <u>909</u>                       | <u>-</u>       | <u>29,065</u>  |
| <b>Gross profit</b>                         | 13,203                | 366                              | -              | 13,569         |
| <b>Results</b>                              |                       |                                  |                |                |
| Segment results                             | (402)                 | (1,582)                          | (2,157)        | (4,141)        |
| Finance cost                                | (1,102)               | (192)                            | -              | (1,294)        |
| Profit/(Loss) before income tax             | <u>(1,504)</u>        | <u>(1,774)</u>                   | <u>(2,157)</u> | <u>(5,435)</u> |
| Income tax expense                          | -                     | -                                | -              | (393)          |
| Profit/(Loss) for the period                | -                     | -                                | -              | <u>(5,828)</u> |
| <b>Non-cash Items</b>                       |                       |                                  |                |                |
| Depreciation of property, plant & equipment | (605)                 | -                                | 7              | (598)          |
| Gain on disposal of PPE                     | 8                     | -                                | -              | 8              |
| Amortisation of intangible assets           | (24)                  | -                                | -              | (24)           |
| Impairment of Non current assets            | (518)                 | -                                | -              | (518)          |
| PPE written off                             | (32)                  | -                                | -              | (32)           |
| Allowance for doubtful debts                | (71)                  | (1,848)                          | -              | (1,919)        |
| Inventories written off                     | (20)                  | -                                | -              | (20)           |
| Allowance for inventory obsolescence        | 38                    | 191                              | -              | 229            |
| <b>Capital Expenditure</b>                  |                       |                                  |                |                |
| Property, plant & equipment                 | 477                   | -                                | 13             | 490            |
| Intangible asset                            | -                     | -                                | -              | -              |
| <b>Assets and Liabilities</b>               |                       |                                  |                |                |
| Segment assets                              | 25,932                | 527                              | 59             | 26,518         |
| Tax recoverable                             | 496                   | -                                | -              | 496            |
| Deferred tax assets                         | <u>14</u>             | <u>-</u>                         | <u>-</u>       | <u>14</u>      |
| Segment liabilities                         | 27,006                | 4,907                            | 2,271          | 34,184         |
| Provision for taxation                      | 78                    | -                                | -              | 78             |
| Deferred taxation                           | <u>96</u>             | <u>-</u>                         | <u>-</u>       | <u>96</u>      |

**Geographical segment**

|                                 | Singapore<br>S\$'000 | Malaysia<br>S\$'000 | Taiwan<br>S\$'000 | China<br>S\$'000 | Others<br>S\$'000 | Total<br>S\$'000 |
|---------------------------------|----------------------|---------------------|-------------------|------------------|-------------------|------------------|
| <b>2020</b>                     |                      |                     |                   |                  |                   |                  |
| Revenue from external customers | <u>3,217</u>         | <u>11,747</u>       | <u>12,371</u>     | <u>218</u>       | <u>-</u>          | <u>27,553</u>    |
| Non-current assets              | <u>1,555</u>         | <u>4,028</u>        | <u>298</u>        | <u>6,840</u>     | <u>-</u>          | <u>12,721</u>    |
| <b>2019</b>                     |                      |                     |                   |                  |                   |                  |
| Revenue from external customers | <u>2,439</u>         | <u>13,073</u>       | <u>13,403</u>     | <u>150</u>       | <u>-</u>          | <u>29,065</u>    |
| Non-current assets              | <u>1,666</u>         | <u>4,049</u>        | <u>412</u>        | <u>7,336</u>     | <u>-</u>          | <u>13,463</u>    |

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15. *In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments*

Refer to Section 8 and 14 for details.

16. *A breakdown of sales.*

Sales

For the first six months

For the second six months

Net Loss reported

For the first six months

For the second six months

| FY 2020<br>(unaudited) | FY 2019<br>(audited) |
|------------------------|----------------------|
| S\$'000                | S\$'000              |
| 13,761                 | 12,820               |
| 13,792                 | 16,245               |
| 27,553                 | 29,065               |
| (1,671)                | (2,533)              |
| (419)                  | (3,294)              |
| (2,090)                | (5,827)              |
|                        |                      |

17. *Confirmation pursuant to Rule 720(1) of the Listing Manual*

The Company has procured undertakings from all its Directors and Executive Officers.

18. *Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive or substantial shareholder of the issuer under Rule 704 (13) of the Listing Manual.*

Pursuant to Rule 704 (13) of the Listing Manual, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim Pang Hern

Executive Director

28 July 2020