

Lorenzo International Limited
(Incorporated in the Republic of Singapore)
(Company Registration Number 200508277C)

RESPONSE TO SGX-ST'S QUERIES

The Board of Directors (the “**Board**”) 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 Unaudited Full Year Results for the financial year ended 31 March 2020 (“**FY2020**”) released on 28 July 2020:

SGX-ST’s Query 1

On page 7 of the Company’s full year results for the financial year ended 31 March 2020, the Company disclosed that “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.” Please provide the aging schedule of the debts and elaborate why movement control in March 2020 would affect the Company’s ability to collect these trade receivables.

Company’s response

- a. The aging schedule of the trade receivables in of our Malaysia Unit is provided below:-

<u>Current</u>	<u>30 days</u>	<u>60 days</u>	<u>90 days</u>	<u>120 days</u> <u>and above</u>	<u>Total</u>
S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000
55	87	140	44	886	1,212

- b. Under the movement control order imposed by Malaysia in March 2020, all businesses were not allowed to operate and there is inter-state travel restriction within Malaysia. Accordingly, the impact on cash flow and the inability to travel to other states affected the collections of these trade receivables.

SGX-ST’s Query 2

The Company also disclosed that Other payables due to Other creditors amounting to S\$5.67 million. Please disclose who are these “Other creditors” amounting to \$5.67 million for period ended 31 March 2020 and \$4.83 million for period ended 31 March 2019 and the underlying nature of these debts.

Company's response

The Company would like to highlight that the Group works with over a hundred suppliers for non-trade related services and supplies. It is not feasible for it to reveal all the creditors and only some of the significant "Other creditors" are provided below:-

<u>Name of creditors</u>	<u>Amount (S\$'000)</u>	<u>Nature of incurrence</u>
Foo Kon Tan LLP	229	Outstanding audit fees for FY 2019
KPMG Services Pte Ltd	49	Outstanding IFA fees
Manufacture Element Prefabricate Pte Ltd	789	Outstanding rental Amount paid on behalf for Company in 2017
S H Visual Pte Ltd	168	Outstanding fee incurred for preliminary study of land in Sungei Kadut.
Q Associates Pte Ltd	43	Outstanding company secretarial fee
Wong Tan & Molly Lim LLC	39	Outstanding internet service charges
Singtel	53	Brought forward balance after acquisition of Builders Shop
Pollux Properties Ltd –Ex shareholder of Builders Shop	1,676	Amount paid on behalf for Malaysia unit
Triple Aim Sdn Bhd	227	
GST Output tax – net in Malaysia	558	
Li Peng – one of the shareholder of the tenant of property in China	1,194	Loan to China subsidiary for payment of creditors and workers.
The rest of the suppliers	645	Outstanding amount for service rendered to the Group that are non- trade in nature.
	<u>5,670</u>	

SGX-ST's Query 3

Please also elaborate on the impact of COVID-19 and the Company's mitigating measures to manage emerging threats arising from the COVID-19 situation.

Company's response

- The imposition of movement control measures in Malaysia in March 2020 had resulted in the closure of our retail outlets in Malaysia for eight weeks. Accordingly two weeks of retail sales from the last two weeks of FY 2020 and six weeks for the new financial year ending 31 March 2021 respectively were lost.
- The circuit breaker imposed by our Singapore government for two months from April 2020 to June 2020 had resulted in the closure of our retail outlet in Singapore

leading to a loss of revenue for two months in the new financial year ending 31 March 2021.

- c. The fear of contracting COVID-19 has led to lesser customers visiting our retail outlets. In addition, furniture is not an essential item and customers would priorities their expenditure towards essential items in this uncertain period.
- d. The Company has already implemented an online retail portal in Singapore. It will also be looking into implementing a virtual showroom in Singapore and an online retail portal in Malaysia. The Company is also looking to streamline its operations to reduce its overall cost by closing non profitable retail outlets in the countries it operates in to mitigate the emerging threats arising from the COVID-19 situation.

By Order of the Board
Lorenzo International Limited

Lim Pang Hern
Executive Director

12 August 2020