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 further queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Company on the Company's response to SGX Queries announcement released on 14 August 2018 in relation to (i) the Company's results announcement for the full year ended 31 March 2018 ("**FY2018**") (the "**Full Year Results**"), (ii) the Company's announcement dated 26 July 2018 and (iii) the Company's announcement dated 31 March 2017:

SGX-ST's Query 1

In the Company's Response to SGX-ST Queries announcement released on 14 August 2018, the Company disclosed that "provision was made for a single trade debtor, Lip Chee Engineering Pte Ltd" for an amount of $2 million.

i. Please disclose who the beneficiary shareholders and directors of Lip Chee Engineering Pte Ltd and whether there is any relationship or connection between the shareholders and directors of Lip Chee Engineering Pte Ltd and the shareholders and directors of the Company;
ii. Please explain why Lip Chee Engineering Pte Ltd has not paid the Company when the debt has been outstanding since March 2017 (outstanding for 17 months) and disclose whether they are still in operation; and
iii. Whether the Company has other transactions with Lip Chee Engineering Pte Ltd.

Company's response

i. The sole shareholder of Lip Chee Engineering Pte Ltd ("**LCE**") is Mr. Lau Kung Hoe. The directors of LCE are Mr. Lau Kung Hoe and Mr. Yew Wing Kiong. There is no connection between the shareholders and directors of LCE and the substantial shareholders and directors of the Company.
ii. LCE paid the Company S$808,430 during the financial year ended 31 March 2018. In relation to the outstanding balance amount due from LCE, it is noted that LCE did not continue making payment as there was a dispute on the fitness of purpose of the goods purchased. LCE is still in operation and the Company is actively seeking the full recovery of the outstanding balance of S$1.3 million.
iii. Save for the abovementioned transaction, the Company does not have any other transaction with LCE.

SGX-ST's Query 2

The Company disclosed that sales to Lip Chee Engineering was made in 16 March 2017.

i. Please disclose whether the Company was still selling to Lip Chee Engineering Pte Ltd during the 12 months and to-date.

Company's response

As mentioned in the Company's response to the SGX-ST Query 1(iii) above, the Company does not have any other transaction with LCE save for the abovementioned one-off transaction. Accordingly, there were no other sales to LCE during the 12 months and to-date.

SGX-ST's Query 3

For the aging of the slow-moving furniture inventory which were impaired, this was to be disclosed in bands of 3 months. The Company disclosed that furniture amounting to S$1.0 million was above 36 months. Please disclose the aging in bands of 3 months.

Company's response

The aging schedule for slow-moving inventory is as follows:

Between 36 to 39 months	S$0.20 million
Between 39 to 42 months	S$0.25 million
Between 42 to 45 months	S$0.25 million
45 months and above	S$0.30 million

SGX-ST's Query 4

The Company disclosed that the purchaser of the Company's subsidiary Supreme Kunshan is Kunshan Gao Er Garment Co., Ltd.. Supreme Kunshan has not repaid $3.6 million owing to the Company. Please disclose who the legal beneficiary shareholders and directors of Kunshan Gao Er Garment are and disclose whether there are any relationships between them and the directors and substantial shareholders of the Company. Please explain why the Company has not sought the repayment of the $3.6 million from Supreme Kunshan.

Company's response

The shareholders of Kunshan Gao Er Garment Co., Ltd (the "**Purchaser**") are Mr. Yan Wei and Madam Sun Shi Ying and the legal representative of the Purchaser is Mr. Yan Wei. As mentioned in the Company's announcement dated 13 June 2017, the Purchaser is an independent third party and there is no relationship between the Purchaser, its shareholders and legal representative and the directors and substantial shareholders of the Company.

According to the terms of the agreement with the Purchaser, the Company has to pay the suppliers and the retrenchment costs of Supreme Kunshan. Supreme Kunshan had ceased operations since November 2017. Henceforth, the Company has not sought the repayment of the S$3.6 million from Supreme Kunshan.

SGX-ST's Query 5

In relation to the negotiations with the Medical Vendor, please:

i. Explain why the equity of the Medical Vendor has not yet been sold to the Company when the Company has already paid S$2.8 million for it;
ii. Disclose what was taken into consideration and please quantify valuation and amounts under negotiations;
iii. Explain why the Company did not announce in February 2018 that the Company has agreed with the Medical Vendor that it would instead introduce and procure a potential buyer to acquire the equity of the Medical Vendor as this is material information relating to the Company's $2.8 million payment; and
iv. Disclose what the Company's rights are under the novated agreement entered into between the Straitsworld and the Medical Vendor in respect of the acquisition of the medical business from the Medical Vendor.

Company's response

i. The S$2.8 million is the refundable deposit (the "**Deposit**") paid to Straitsworld previously in connection with the proposed acquisition of the medical facilities which did not eventually proceed to completion. As such, the Company wishes to clarify that the S$2.8 million was not paid as consideration for the equity of the Medical Vendor.
ii. The Company notes that the negotiations are between the Medical Vendor and the Potential Buyer and are subject to confidentiality between the Medical Vendor and the Potential Buyer. As the Company is not a party to such negotiations between the Medical Vendor and the Potential Buyer, the Company is unable, and not in a position, to disclose

any details relating to the same.

iii. The Company notes that no definitive agreements were entered into either between itself and the Medical Vendor, nor, to the best of its knowledge, between the Medical Vendor and the Potential Buyer. The Company further notes that the proposal by the Company to introduce the Potential Buyer to the Medical Vendor was a part of the on-going preliminary negotiations between the Company and the Medical Vendor and was merely another possible avenue for the Company to seek to recover the Deposit. As all negotiations and discussions have not been concluded and there was (and still is) no guarantee that the Potential Buyer and the Medical Vendor would proceed with the transaction, the Company did not disclose the same in February 2018.

iv. To the best of the Company's knowledge, Straitsworld and the Medical Vendor did not enter into any novation agreement. As disclosed in the Company's announcement dated 31 March 2017, it is the Company's understanding that Straitsworld and the Medical Vendor had reached a settlement in relation to the legal dispute between themselves (the "**Settlement**"). As the Company is not a party to the Settlement nor did it enter into any definitive agreement with Straitsworld and/or the Medical Vendor in relation to the Settlement, the Company is unable, and not in a position, to disclose any details relating to the same. The Company wishes to assure the shareholders that it will continue to engage with all parties, including the Medical Vendor, Straitsworld and MC, in order to recover the Deposit and find an amicable solution to this matter.

By Order of the Board

Lim Pang Hern
Executive Director / Deputy Chairman
21 August 2018