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 various queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Company in relation to the Company's full year results announcement for the financial year ended 31 March 2017 dated 29 June 2017:

SGX-ST's Query 1

Please explain and provide a discussion of the significant factors that led to Group revenue, cost of sales and gross profit, being lower by S$11.3 million, S$7.4 million and S$3.9 million respectively had the financial year end remained unchanged.

Company's response

	12 months to	Year ended	
	31/12/2016	31/12/2015	Variance
Revenue by geographical segment	S$'000	S$'000	S$'000
Singapore	11,319	16,923	(5,604)
Malaysia	14,997	20,055	(5,058)
Taiwan	12,460	12,822	(362)
China	1,080	1,615	(535)
Others	2,567	2,337	230
	42,423	53,752	(11,329)

The Group's revenue for the 12 months ended 31 December 2016 was S$42.4 million compared to S$53.7 million in the previous corresponding year ("**FY2015**"). The decrease of revenue of S$11.3 million was mainly due to poor sales in Singapore and Malaysia as a result of weak demand in these two markets.

Cost of sales and gross profit would be lower by S$7.4 million and S$3.9 million, respectively, because of reduction in revenue of S$11.3 million.

SGX-ST's Query 2

It was disclosed on page 6 that other operating income had increased due to, amongst others, "the write back of allowance for doubtful debts and slow moving inventories". Please elaborate on the reasons for the write backs, and reconcile the write backs with the decline in revenue (had the financial year remained unchanged) and the Company's commentary that the Group faces "weak demand".

Company's response

In FY2015, the Group made a provision for impairment of trade receivables of S$2.58 million and a provision for slow moving inventory of S$1.4 million. During the quarter from 1 January 2017 to 31 March 2017, the Group was able to dispose of a significant portion of the inventory recovered from a customer for which the provision for impairment of trade receivables and slow moving inventory had been made in FY2015.

The write backs of provision for trade receivables and slow moving inventories were made in the last quarter of the 15-month financial period ended 31 March 2017. The amounts of provision for

impairment of trade receivables and provision for slow moving inventories written back were S$1.2 million and S$0.9 million respectively.

SGX-ST's Query 3

Please provide an update on the status of the Refundable Deposit to Straitsworld Advisory Limited.

Company's response

The Company wishes to update the shareholders that it is currently still in negotiations with the Medical Vendor in relation to, *inter alia*, (i) the definitive assignment or novation agreements in respect of the Acquisition Agreements, and (ii) the possible participation by the Company in the equity of the Medical Vendor.

The Company will make the necessary further announcement(s) on the outcome of these negotiations with the Medical Vendor in due course.

SGX-ST's Query 4

Please explain and provide a discussion of the material factors that led to "an increase of trade and other payables of S$4.1 million".

Company's response

The increase of trade and other payables of S$4.1 million was mainly attributable to a loan from directors/shareholders of S$3.3 million and an increase in other payables of S$2.3 million offset by a decrease of advances from customers of S$0.7 million and accrued expenses of S$0.7 million.

SGX-ST's Query 5

It was disclosed on page 10 that revenue from "Others" had increased from S$2.3 million to S$7.0 million. Please explain and provide a discussion of the factors leading to the increased contribution.

Company's response

The increase of revenue from "Others" on page 10 was mainly due to the increase in export sales from the building material business amounting to approximately S$3.9 million in the last quarter of the period ended 31 March 2017.

SGX-ST's Query 6

Please disclose the names of the Directors and Executive Officers who have not provided the confirmations pursuant to Listing Rule 720(1). Please explain why the Company has not procured the necessary undertakings from these individuals prior to their appointments. Please explain why the Company requires until 31 August 2017 to procure these undertakings.

Company's response

The Company wishes to clarify and confirm that it has procured the undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Listing Rule 720(1). The Company further wishes to confirm and that all such undertakings had been obtained prior to 29 June 2017, and in respect of the Directors and Executive Officers appointed after 30 April 2016 (being the effective date of Appendix 7.7), prior to each of their appointments.

By Order of the Board

Teoh Jin Thean
Executive Director / Chief Executive Officer
12 July 2017