

LORENZO INTERNATIONAL LIMITED

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

DISPOSAL OF SUBSIDIARY

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, Supreme Furnishing Centre Pte Ltd (“**Supreme Furnishing**”) has entered into an option to purchase (“**OTP**”) with Kunshan Gao Er Garment Co., Ltd (昆山高尔服装有限公司) (the “**Purchaser**”) to dispose of the entire registered share capital of Supreme Furniture (Kunshan) Co., Ltd (“**Supreme Kunshan**”) to the Purchaser (the “**Transaction**”). The OTP was issued by Supreme Furnishing to the Purchaser on 27 April 2017, however, the Purchaser had only exercised it by paying a sum of RMB5,000,000 (equivalent to S\$1,017,500) (the “**Deposit**”), representing approximately 26.3% of the total agreed consideration for the Transaction of RMB19,000,000 (equivalent to S\$3,866,500) (the “**Consideration**”) on 11 June 2017. The Deposit was received by Supreme Furnishing on 12 June 2017.

Supreme Kunshan is the legal and beneficial owner of the land and factory situated at 61 Shengxi Road, Kunshan Economic Development Zone, Jiangsu Province, the People’s Republic of China 215335 (the “**Property**”).

Pursuant to the entry into the OTP, Supreme Furnishing and the Purchaser intend to enter into a definitive sale and purchase agreement in respect of the Transaction (“**SPA**”). The Company will make the necessary announcement(s) via SGXNET to update the Shareholders once the SPA has been entered into.

Following the Transaction, Supreme Kunshan will cease to be a subsidiary of Supreme Furnishing and the Company. As such, this announcement is also made pursuant to Rule 704(18)(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST Listing Manual**”).

2. PRINCIPLE TERMS AND CONDITIONS OF THE TRANSACTION

The Consideration was arrived at following arm’s length negotiations on a willing-buyer and willing-seller basis, taking into consideration, *inter alia*, the value of the Property of RMB19,000,000 and the unaudited net asset value of Supreme Kunshan as at 31 March 2017

It is intended that Supreme Furnishing and the Purchaser will each provide standard representations, warranties and undertakings for transactions of a similar nature in the SPA. The Consideration is to be satisfied in cash, payable by the Purchaser to Supreme Furnishing on completion of the Transaction under the SPA.

3. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the People’s Republic of China.

The Purchaser is an independent third party and there is no relationship between the Purchaser, the Company and the Company’s Directors, or, to the best of the Company’s knowledge, the Company’s substantial shareholders.

4. RATIONALE

The Transaction marks an opportunity for the Company to realise its investments and the proceeds will be used for working capital of the Group.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE SGX-ST LISTING MANUAL

The relative figures computed on the bases pursuant to Rule 1006 (a) to (d) of the SGX-ST Listing Manual based on the Company's latest audited consolidated financial statements of the Group for the financial year ended 31 December 2015.

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 Company's net asset value	4.3%
(b)	The net loss ⁽²⁾ attributable to the assets disposed of, compared with the Company's net loss	6.4%
(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	17.3%
(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 Transaction.

Notes:

- (1) "**net asset**" means total assets less total liabilities, including non-controlling interests.
- (2) "**netloss**" means profit or loss before income tax, non-controlling interests and extraordinary items.
- (3) "**market capitalisation**" of S\$22,409,424 is calculated by multiplying the total number of shares of the Company (excluding treasury shares) amounting to 439,400,466 shares by the closing market price of S\$0.051 per Share for trades done on the SGX-ST on 27 April 2017, being the date the OTP was issued by Supreme Furnishing to the Purchaser.

Based on the relative figures computed above, the Transaction is a discloseable transaction for the purposes of Chapter 10 of the SGX-ST Listing Manual.

6. FINANCIAL EFFECTS

The financial effects of the Transaction are set out below purely for illustrative purposes:

	Before the Transaction	After the Transaction
Net tangible assets (" NTA ") per ordinary share in the capital of the Company as at 31 December 2015 ⁽¹⁾	4.89	5.86

(cents)		
Earnings per Share for the financial year ended 31 December 2015 ("FY2015") ⁽²⁾ (cents)	(6.38)	(6.18)
Net gearing as at 31 December 2015 ⁽³⁾ (times)	1.1	0.7

Notes:

- (1) The impact on NTA per share and net gearing as illustrated in the table above are computed based on the audited balance sheet of the Group as at 31 December 2015, assuming that the Transaction had been completed on 31 December 2015.
- (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 December 2015, assuming that the Transaction had been completed on 1 January 2015 (the beginning of FY2015).
- (3) For the purposes of the above calculations, "net gearing" means total borrowings less cash and cash equivalents divided by total equity. Total equity is defined as total assets less total liabilities.

7. SERVICE CONTRACTS

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

8. 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 Transaction.

By Order of the Board

Teoh Jin Thean
Executive Director / Chief Executive Officer
13 June 2017