# 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 the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Company in relation to the Company's announcement dated 13 April 2020 under receipt of statutory demand.

***SGX-ST's Query 1***

*On 13 April 2020, the Company announced that "the Company was on 19 February 2020 served a statutory demand under Section 254(2)(a) of the Companies Act (Cap. 50) ("Companies Act") dated 19 February 2020 ("Statutory Demand") by Drew & Napier LLC, solicitors acting for RSM Corporate Advisory Pte Ltd ("RSM"), the receivers of 23 Neythal Road, Singapore 628588, which belongs to Manufacture Element Prefabricate Pte Ltd ("MEP")*

*The Statutory Demand is for payment of the sum of $1,032,751.83 which is alleged to be outstanding as at 31 October 2019 ("Outstanding Sum") in relation to rental arrears arising out of Tenancy agreement dated 4 November 2015." Please:*

*i. Provide details of the basis and the period relating to this outstanding rental; and*
ii. *Disclose the value of the Tenancy Agreement and whether the Tenancy had complied with the relevant provisions under Chapter 9 of the Listing Manual. If so, please advise the relevant actions*

***Company's response***

The Company wishes to inform that the period relating to the outstanding rental was from July 2018 to June 2019. The Company would like to clarify that it is disputing the rental relating to July 2018 to September 2018.

The monthly rental charged was S$84,117.23. The outstanding rental for the period amounted to S$1,009,406.76. The balance amount of S$23,345.07 relates to utilities charges from June 2018 to August 2018 of S$4,317.76 (disputed by the Company) and from April 2019 to September 2019 amounting to S$19,027.31.

The Company would like to highlight that it had announced the relevant details of the tenancy in response to SGX Queries on its Financial Statements for HY2018 on 21 November 2017 under Query 5. (Ref. no. SG171121OTHRUX15). The Company had also provided further information regarding the Tenancy agreement with MEP on 15 December 2017 (Ref. no. SG171215OTHR5Q7M). The Tenancy under the Statutory Demand relates to Tenancy Agreement C mentioned in the announcement of 21 November 2017. The value for the Tenancy for the period from 1 January 2016 to 31 December 2018 was approximately S$3,139,200.

The Company wishes to clarify that it had complied with the relevant provision under Chapter 9 of the Listing Manual as explained in our announcements on 21 November 2017 and 15 December 2017.

***SGX-ST's Query 2***

*The Company disclosed that "The Statutory Demand states that if the Company fails to pay or secure or compound the Outstanding Sum to the reasonable satisfaction of RSM within 3 weeks from the date of receipt of the Statutory Demand, RSM shall be entitled to apply to the High Court for a winding up order to be made against the Company." Please advise the outcome of the Statutory Demand noting that the 3 weeks concluded on 11 March 2020.*

***Company's response***

The Company wishes to advise that no further action has been taken by RSM Singapore.

***SGX-ST's Query 3***

*The Company disclosed that "It had already paid $252,351.68 to MEP Equipment Pte Ltd in January 2019 as advised by the previous shareholder of MEP pursuant to a letter dated 1 September 2018 issued by MEP to the Company, as rental of the Property for the period from July 2018 to September 2018." Please disclose the identities and names of current and previous shareholders of MEP and MEP Equipment Pte Ltd.*

***Company's response***

The Company wishes to advise that to its best effort and based on information available publicly, the identities and names of the current and previous shareholders of MEP and MEP Equipment Pte Ltd are stipulated below:-

| **Entities** | **Previous Shareholders** | **Current Shareholders** |
|---|---|---|
| MEP | Mr. Ng Kok Teck | Best Favour Global Limited |
| MEP Equipment Pte Ltd | NA | Mr. Ng Kok Teck |

Best Favour Global Limited is a company incorporated in the British Virgin Island.

***SGX-ST's Query 4***

*The Company disclosed that "The Company has spoken to RSM Singapore in the first week of March 2020 and has also written to RSM's legal counsel on 9 March 2020 and it was agreed that the outstanding rental amount will be settled after the completion of the disposal of its China subsidiary." Please provide details on the China subsidiary and the reasons for the disposal. Please clarify if this has been announced? If not, please do so, noting the requirements in Chapters 7, 9 and 10, where applicable.*

***Company's response***

The Company wishes to clarify that the details and the reasons for the disposal of the China subsidiary was announced to shareholders on 13 August 2019 (Ref. no. SG190813OTHRN1G). The Company had also announced certain amendments to the terms of the Sale and Purchase Agreement for the disposal of the China subsidiary on 25 September 2019 (Ref.no. SG190925OTHR14VL). The subsidiary is Lorenzo Furniture (Kunshan) Co., Ltd.

***SGX-ST's Query 5***

*The Company disclosed that the Board reviewed "the following factors before making a decision whether an immediate announcement is required for the Statutory Demand:-*

*a. The effect of the announcement if made on the conditions imposed by the bank lenders in relation to the disposal of its Singapore and Malaysia properties;*
*b. Whether the issue can be resolved with RSM Singapore; and*
*c. The amount in question is being disputed thus an announcement made may be misleading to the public."*

*Please elaborate how the conditions imposed by bank lenders in relation to the disposal of its Singapore and Malaysia properties affects the decision of the board whether the statutory demand is material information that must be announced under Listing Rule 703.*

***Company's response***

The Company would like to highlight that the trading of the Company's shares has been suspended since December 2018. In addition, Listing Rule 703 also provides certain exceptions.

The conditions imposed by the bank lenders are confidential to the Company and are crucial to the successful completion of the disposal of its Singapore and Malaysia properties. The Board is of the view that an announcement of the receipt of the statutory demand will significantly affect the completion of the disposal of the properties in Singapore and Malaysia thus chose to delay the announcement pending the outcome from RSM Singapore.

***SGX-ST's Query 6***

*The Company disclosed that "the Board of Directors did not assess whether the Executive Director, Mr. Lim Pang Hern has the capacity to pay for the Outstanding Sum as it is up to the lender to accept this undertaking or not.". Please disclose if the lender accepted the undertaking.*

***Company's response***

The Company wishes to highlight that as RSM has not taken any further action, Mr. Lim has deemed that the lender has accepted the undertaking.

**By Order of the Board**

Lim Pang Hern
Executive Director
15 April 2020