

# Lorenzo International Limited

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

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## RESPONSE TO SGX-ST'S QUERIES

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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 further query raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to the Company in relation to the Company’s Annual Report for the financial year ended 31 March 2019 (“**FY2019**”):

### ***SGX-ST’s Query***

**We refer to the Company’s response to SGX queries announced on 2 March 2020. We refer to the Company’s response to SGX-ST Query 1. We noted that the Company has responded that the matters disclaimed is not directly linked to lapses in internal controls. Based on the auditors’ report, it was disclosed that Management had neither performed impairment assessment over amounts due from subsidiaries nor performed a recoverable amount assessment for certain non-financial assets. It was also disclosed that the auditors were unable to obtain sufficient audit evidence to ascertain multiple assertions over amounts due to contract customers for financial years ended 31 March 2018 and 31 March 2019. Please elaborate on what internal controls have the Company put in place, if any, that addresses the issues flagged out by the auditors (e.g. does the Company have internal controls over the valuation of receivables such as yearly impairment assessment over amounts due from subsidiaries).**

### ***Company’s response***

The Company would like to clarify that the sentence “Management had neither performed impairment assessment over amounts due from subsidiaries” meant that Management did not assess the expected credit losses for inter-company balances as required by the relevant Financial Reporting Standard because the amounts due from subsidiaries are inter-company balances and the Group’s economic conditions (loss-making) are not favourable.

Management did not assess the recoverable amount of certain non-financial assets as required by the relevant Financial Reporting Standard for the same reason.

In view of the above, the recoverability assessment of amount due from subsidiaries and impairment of non-financial assets will be meaningful when there is a turnaround in the performance of the Group’s business.

In regards to the amounts due to contract customers, the amounts were brought forward from previous financial years. Owing to staff turnover and the relocation of the Group’s office in 2015, certain information was misplaced. Management has set out procedures to prevent such incident from recurring again. The amounts due to contract customers are monitored on a monthly basis.

The Management of the Company are continuously looking to improve the internal controls currently in place.

By Order of the Board  
**Lorenzo International Limited**

Lim Pang Hern  
Executive Director  
4 March 2020