LORENZO INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200508277C)

PROPOSED DISPOSAL OF THE MALAYSIA PROPERTIES

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1. INTRODUCTION

Lorenzo International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Ginova Marketing Sdn Bhd ("**Vendor**"), had:

(a) on 31 July 2019, entered into a conditional option to purchase ("**OTP 1**") with Wong Sui Kaw, an independent third party ("**Purchaser 1**"), for the disposal of the Company's property at No. 33, Jln Bulan Br, U5/BR, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor, Malaysia ("**Malaysia Property 1**") for an aggregate consideration of MYR 820,000 ("**Proposed Disposal 1**"); and

(b) on 12 September 2019, entered into a conditional option to purchase ("**OTP 2**") with Choy Chee Ling and Yin Mun Onn, both independent third parties (collectively, "**Purchaser 2**"), for the disposal of the Company's property at No. 54 Jalan BT U5/BT Bandar Pinggiran Subang, Seksyen U5 40150 Shah Alam, Selangor, Malaysia ("**Malaysia Property 2**") for an aggregate consideration of MYR 2,100,000 ("**Proposed Disposal 2**"),

(collectively, the "**Proposed Disposals**"). Malaysia Property 1 and Malaysia Property 2 shall be collectively referred to as the "**Malaysia Properties**".

The Proposed Disposals constitute a "discloseable transaction" as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manua**l").

2. INFORMATION RELATING TO THE PROPOSED DISPOSALS

2.1 Information on the Malaysia Properties

Malaysia Property 1 comprises an intermediate three (3) storey terraced shop-office and measures approximately 490.51 square metre in gross floor area. The Vendor had, on 22 March 2004, granted a first ranking fixed charge over Malaysia Property 1 in favour of United Overseas Bank (Malaysia) Bhd. As at the date of this Announcement, Malaysia Property 1 is used for storage.

Malaysia Property 2 comprises a three (3) storey terraced shop-office and measures approximately 947.58 square metres in gross floor areas. The Vendor had, on 10 November 2003, granted two fixed charges over Malaysia Property 2 in favour of United Overseas Bank (Malaysia) Bhd. As at the date of this Announcement, Malaysia Property 2 is leased to Mun Heng Electrical & Hardware Supply, a partnership of which Purchaser 2 are its partners.

Each of the Malaysia Properties is erected on leasehold land with its respective leases expiring on 30 December 2096 and is subject to a restrictive covenant that it cannot be transferred, leased or charged without first obtaining the consent of the relevant state authority.

For the purposes of the Proposed Disposals, the Company commissioned Henry Butcher Malaysia (SEL) Sdn. Bhd. ("**Henry Butcher**"), an independent valuer, to perform a valuation on the Malaysia Properties. Based on the latest available valuation reports issued by Henry Butcher on 24 May 2019 (the "**Valuation Reports**"), the open market valuations of Malaysia Property 1 and Malaysia Property

2 are approximately MYR 970,000 and MYR 2,000,000 respectively (equivalent to approximately S$315,541 and S$650,600 respectively based on the exchange rate of MYR 1.00: S$0.3253 as at the date immediately preceding the date of this Announcement). The book value and net asset value of the Malaysia Properties as at 31 March 2019 are approximately MYR 395,000 and MYR 989,000 respectively (equivalent to approximately S$128,493 and S$321,722 respectively based on the exchange rate of MYR 1.00: S$0.3253 as at the date immediately preceding the date of this Announcement).

The property valuation for the Malaysia Properties had been carried out using the market approach, by comparing the subject properties with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities.

2.2 Salient terms of the Proposed Disposals

OTP 1

(a) OTP 1 shall form a legal and binding contract pending the execution of a formal sale and purchase agreement incorporating the main terms and conditions stated in OTP 1 in addition to other terms and conditions. Pursuant to OTP 1, Purchaser 1 undertakes to have the sale and purchase agreement prepared and signed within 30 working days from 31 July 2019. As at the date of this Announcement, no sale and purchase agreement has been signed. The Vendor and Purchaser 1 had separately agreed that the sale and purchase agreement shall be prepared and signed after the date of this Announcement;

(b) A down payment of MYR 64,616 shall be paid by Purchaser 1 upon signing of the sale and purchase agreement; and

(c) The balance sum of MYR 738,000, being the amount of MYR 820,000 less deposit of MYR 17,384 and down payment of MYR 64,616, shall be paid by Purchaser 1 within 3 months from the date of signing of the sale and purchase agreement or securing the consent to transfer from the relevant authorities, whichever is later.

OTP 2

(a) Pursuant to OTP 2, Proposed Disposal 2 shall be completed and the balance of purchase price (less the option fee), being the amount of MYR 2,058,000, shall be paid by Purchaser 2 at the Vendor's office on 30 November 2019 or such other date as the parties may mutually agree to in writing; and

(b) OTP 2 is conditional upon the following:

If, pursuant to the Companies Act or the Listing Manual, approval of the shareholders/board of directors/audit committee of the Vendor or the Vendor's holding company ("**Approving Body**") to the sale is required, OTP 2 shall be conditional upon the Vendor obtaining the approval of the Approving Body. Purchaser 2 shall provide the Vendor with all the information necessary to enable the Vendor to determine whether procurement of approval of the Approving Body is necessary. If the sale of Malaysia Property 2 to Purchaser 2 is not approved by the Approving Body, OTP 2 and the sale and purchase made pursuant thereto shall become null and void and all moneys paid by Purchaser 2 shall be refunded to Purchaser 2 by the Vendor without interest and neither party shall thereafter have any claim or demand against each other.

3. CONSIDERATION

Based on OTP 1, the consideration for Proposed Disposal 1 is MYR 820,000 (equivalent to approximately S$266,746 based on the exchange rate of MYR 1.00: S$0.3253 as at the date

immediately preceding the date of this Announcement) ("**Consideration 1**"). A deposit of MYR 17,384 had been paid by Purchaser 1 to the Vendor upon signing of OTP 1.
Based on OTP 2, the consideration for the Proposed Disposal 2 is MYR 2,100,000 (equivalent to approximately S$683,130 based on the exchange rate of MYR 1.00: S$0.3253 as at the date immediately preceding the date of this Announcement) ("**Consideration 2**"). An option fee of MYR 42,000, representing 2% of Consideration 2, had been paid by Purchaser 2 to the Vendor upon signing of OTP 2.

Consideration 1 and Consideration 2 shall be collectively referred to as the "**Considerations**".

The Considerations, which were arrived at after arm's length negotiations and on a willing-buyer willing-seller basis, was derived based on the Valuation Reports and recent transacted prices of properties situated in the same areas.

The Considerations represent an excess of approximately S$500,000 and S$500,000 over the book value and the net tangible asset value ("**NTA**") of the Malaysia Properties respectively. The net gain attributable to the Malaysia Properties is S$500,000. The net gain on disposal of the Malaysia Properties is S$500,000.

4. RATIONALE AND USE OF PROCEEDS

The Proposed Disposals allows the Group to realise its investments and the proceeds will be used for working capital of the Group's Malaysia operations.

The Group estimates that there will be net proceeds of approximately S$853,000, being the Considerations from the Proposed Disposals less estimated expenses of approximately S$97,000.

The Group intends to utilise the net proceeds from the Proposed Disposals towards the partial repayment of the existing bank borrowings and the repayment of suppliers and general working capital for ongoing operational expenses of the Group's Malaysia operations.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposals and based on latest unaudited consolidated financial statements of the Group for the financial year ended 31 March 2019 ("**FY2019**") are as follows:

Listing Rule		Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	(9.5%)[1]
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits[2]	Not applicable[3]
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares[4]	13.6%[4]
1006(d)	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[5]
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared	Not applicable[6]

Listing Rule		Relative Figures
	with the aggregate of the Group's proved and probable reserves	

Notes:

(1) Under Rule 1002(3)(a), "net assets" means total assets less total liabilities. The net asset value of the Malaysia Properties is S$450,000 as at 31 March 2019, compared with the Group's net liability value of S$4,744,000 as at 31 March 2019.

(2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or (loss) before income tax, minority interests and extraordinary items. It should be noted that there had been a net loss reported for the Group for FY2019.

(3) Not applicable to the disposed assets as the assets are properties and there is no net profit attributable to the assets.

(4) Based on the Considerations and the market capitalisation of the Company of approximately S$7,030,407 as at 14 December 2018 (being the last trading day immediately preceding the date of OTP 1). The trading of shares in the capital of the Company ("**Shares**") has been suspended since 14 December 2018. Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 439,400,466 ordinary shares, and the volume weighted average price of S$0.016 per share on 14 December 2018.

(5) The Proposed Disposals are not an acquisition of assets.

(6) The Company is not a mineral, oil or gas company.

As the relative figures computed pursuant to Rule 1006 in respect of the Proposed Disposals exceeds 5% but does not exceed 20%, the Proposed Disposals constitute a "discloseable transaction" as defined under Chapter 10 of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSALS

The financial figures set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance of the Group after the Proposed Disposals. No representation is made as to the actual financial position and/or results of the Group after the completion of the Proposed Disposals.

The following financial effects of the Proposed Disposals are computed based on the latest unaudited consolidated financial statements of the Group for FY2019 and the following bases and assumptions:

(a) the financial effect on the NTA per Share is computed based on the assumption that the Proposed Disposals was completed on 31 March 2019; and

(b) the financial effect on the Earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Disposals was completed on 1 April 2018.

NTA per Share

	Before Proposed Disposals	After Proposed Disposals
NTA / (Net Tangible Liability ("**NTL**")) (S$'000)	(5,637,000)	(5,137,000)
Number of issued Shares	439,400,466	439,400,466
NTA / (NTL) per Share (cents)	(1.28)	(1.17)

EPS / (Loss per Share ("**LPS**"))

	Before Proposed Disposals	After Proposed Disposals
Profit/(Loss) attributable to equity holders of the Company(S$'000)	(3,233,000)	(2,734,000)
Weighted average number of issued Shares	439,400,466	439,400,466
EPS / (LPS) (cents)	(0.74)	(0.62)

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or Controlling Shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Disposals (other than through their respective shareholdings in the Company, if any).

8. SERVICE AGREEMENTS

No new directors are proposed to be appointed to the board of directors in connection with the Proposed Disposals. Accordingly, no service agreements will be entered into with any new director of the Company in connection with the Proposed Disposals.

9. DOCUMENTS FOR INSPECTION

Copies of OTP 1, OTP 2 and the Valuation Reports are available for inspection at the registered office of the Company at 23 Neythal Road Blk B #04-03, Singapore 628588, during normal business hours for three (3) months from the date of this Announcement.

10. FURTHER ANNOUNCEMENTS

The Company will make subsequent announcements to update Shareholders when there are material updates as may be necessary or appropriate.

11. CAUTION IN TRADING

Shareholders and potential investors of the Company should note that the Proposed Disposals are subject to the fulfilment of certain conditions precedent.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. In particular, Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this Announcement that the Proposed Disposals will be completed. Shareholders and potential investors of the Company are advised to read this Announcement and any further announcements made by the Company carefully. Shareholders and potential investors of Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Lim Pang Hern
Executive Director
24 October 2019