

LORENZO INTERNATIONAL LIMITED

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

RESPONSE TO SGX-ST'S QUERIES

The Board of Directors (“Board”) of Lorenzo International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the following in response to the additional queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to the Company in relation to the Company’s unaudited results announcement for the half year ended 30 September 2023 (“**HYFY2024**”) (the “**HYFY2024 Results**”):

SGX-ST’s Query 1

Please provide a breakdown of the Group’s administrative expenses for 1H ended 30 September 2023 and 1H ended 30 September 2022, and explain the movement for each material item in detail. Please also explain the reasons for the decline in amortisation of right of use assets of S\$0.9 million.

Company’s response

The breakdown of the Group’s administrative expenses and other operating expenses for both Q1 ended 30 September 2023 and Q1 ended 30 September 2022 are provided below:

Administrative expenses

	HYFY2024	HyFY2023	Movement
	S\$’000	S\$,000	S\$’000
Audit fees	124	133	(9)
Directors’ remuneration	66	66	-
Directors’ fees	103	63	40
Employees’ salary and related expenses	1,654	1,846	(192)
Professional and legal fee	48	33	15
Rental of premises	748	(113)	861
MIS support	48	48	-
Others – including insurance, upkeep of vehicles, maintenance of premises etc.	644	792	(148)
	<u>3,435</u>	<u>2,868</u>	567

- The decrease in audit fees was due to reduction in audit fees in HYFY2024;
- The increase in directors’ fee was due to the appointment of an additional director during HYFY2024;
- The reduction of employees’ salary and related expenses arose from fewer employees in employment in the Group during HYFY2024;
- The increase in professional and legal fee was due to legal fee incurred for the legal suit in China in HYFY2024;
- The increase of rental charges was due to over recognition of rights of use assets in its Malaysia and Taiwan business units in HYFY2023 before the audit for both units were completed;
- The decrease in the others section arose from prudent management of costs by the Group.

The Company would like to advise that the decline in amortisation of right-of-use assets was due to the expiration of the leases during the previous financial year;

SGX-ST's Query 2

We note that the Company has commenced legal proceedings to recover the receivables from the disposal of the Company's wholly owned subsidiary, Lorenzo Furniture (Kunshan) Co., Ltd. Please disclose the jurisdiction / court in which the proceedings were commenced, the commencement date and progress of such legal actions and who are the lawyers representing the Company in the legal proceedings.

Company's response

- a. The Company would like to inform that the Company has mentioned in its response to SGX-ST 's query on 31 August 2023 that it has engaged Kelvin Chia Partnership to organize the proceedings in China, as well as to instruct the Chinese law firm engaged by the Company, Tian Yuan Law ("Tian Yuan") on the Company's claim against the purchaser.
- b. The Company would like to advise that the recovery suit was filed in the Chinese Court in Shanghai. This is in line with the jurisdiction stated in the share transfer agreements. The Company was informed on 14 November 2023 that Tian Yuan Law has filed the recovery suit to the Courts on 8 November 2023. As mentioned in its announcement on 20 November 2023, the evidence exchange date is fixed on 14 December 2023. The Company will update shareholders when there are further developments in the suit.

SGX-ST's Query 3

Pursuant to paragraph 3A of Appendix 7.2 of the Listing Manual, please provide an update on the efforts taken since the last quarterly update, to resolve each of the outstanding issues as set out under the "basis for disclaimer of opinion" section of the independent auditor's report issued for the Group's financial statements for the financial year ended 31 March 2020. Please also provide a confirmation from the Board that the impact of all outstanding issues on the financial statements have been fully disclosed.

Company's response

The Company would like to clarify that it had provided a detailed response to SGX-ST query 2 on 31 August 2023 regarding the outstanding issues as set out under the "basis for disclaimer of opinion" section of the independent auditor's report issued for the financial statements for the year ended 31 March 2020.

It is currently working with the auditors to resolve as many of the outstanding issues as possible. As explained in the Company's response on 31 August 2023, it may not be possible to resolve all the outstanding issues over one or two financial years.

The Board can confirm that to the best of its knowledge, the impact of all outstanding issues on the financial statements has been fully disclosed.

SGX-ST's Query 4

Please provide an update on the current status of the Company's exit offer, the steps taken by the Company to-date and an indicative timeline to comply with Listing Rule 1309.

Company's response

The Company would like to inform that it understood from its Executive Director, Mr. Lim Pang Hern that the discussion among the shareholders regarding the exit offer is still ongoing. As the controlling shareholder, Mr. Ding Lei is currently situated in South America, Mr. Lim is seeking legal advice on various

issues regarding transfer of shares from Mr. Ding as well as from other shareholders to him as the Company has been notified for delisting. The Company has yet to receive any update from Mr. Lim on this matter.

The Company will update shareholders if there is further development in this issue.

By Order of the Board

Lim Pang Hern
Executive Director
27 November 2023