

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors of Lorenzo International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to questions from the Securities Investors Association (Singapore) (“SIAS”) in relation to the Company’s annual report for the financial year ended 31 March 2020 and would like to set out in this announcement its responses to the questions.

The questions together with the Company’s responses are extracted and presented below:

Q1. The company received a notification of delisting from Singapore Exchange Regulation Pte Ltd. on 10 February 2023.

In the letter, it stated that company had not submitted any trading resumption proposal nor any application for extension of time to meet the requirements under Listing Rule 1304(1).

The trading of the company’s shares has been suspended since 14 December 2018.

- (i) What are the reasons that the company did not apply for extension of time to meet the requirements under Listing Rule 1304(1)?***
- (ii) Would the company be appealing against the delisting notification?***
- (iii) What did the independent directors do to safeguard the interests of shareholders, especially that of the minority shareholders? What have the directors done to discharge their fiduciary duties?***

Company’s Response

- (i) The trading of the Company’s shares was suspended due to the qualification of its financial statements on its going concern basis. The main priority at that point of time was to improve the Company and its subsidiary companies (“the Group”) business performance and to reduce its bank borrowings. It was also doing its best to comply with the necessary legislations despite its poor financial health. The Directors were working hard at securing investment from potential investors to resume trading of the Company’s shares but nothing concrete has materialised. The Company did not submit any trading resumption proposal or any extension of time as it did not have any viable proposal notwithstanding significant efforts at exploring investment from third parties or reverse takeover opportunities.
- (ii) The Company would appeal against the delisting notification if it is able to procure a white knight to invest in it failing which; it may have to accept delisting from the Mainboard. However, the Company’s management is also exploring options to list on alternative stock exchanges which would allow shareholders to realise their investment in the Company.
- (iii) The Board of Directors has met a few times to discuss the delisting matters and is currently looking at all the options available to provide the optimal solution to all its stakeholders (lenders, employees and shareholders). The options include procuring a white knight to take over the company, seeking interested investors to take the company private or even listing on alternative stock exchanges.

Q2. Rule 1309 states that an exit offer must be made to the issuer's shareholders and holders of any other classes of listed securities.

The exit offer must: (a) be fair and reasonable; and (b) include a cash alternative as the default alternative.

- (i) What progress has the board, especially the independent directors, made on procuring an exit offer from the controlling shareholder or the company assuming that the SGX-directed delisting will proceed?***
- (ii) Can the board provide an estimated timeline should the delisting proceed?***

Company's Response

- (i) The Board of Directors has discussed with several shareholders holding at least four percent of the Company's shares but none of them are willing to make an exit offer. The controlling shareholder cannot be located despite multiple attempts to contact him.
- (ii) The Board is unable to provide an estimated timeline for the delisting should it proceed. However, the Board will continue to discuss with existing shareholders and potential investors until delisting is confirmed.

Q3. On 10 February 2023, the company published the executive summary of the independent investigation by KPMG Services Pte Ltd. in relation to the disposal of Lorenzo Furniture (Kunshan) Co., Ltd.

The executive summary can be found here:

<https://links.sgx.com/FileOpen/Lorenzo%20International%20Pte%20Ltd%20final%20executive%20summary%20100223.ashx?App=Announcement&FileID=746267>

- (i) Are there any outstanding issues arising from the findings by KPMG Services concerning the divestment of Lorenzo Furniture (Kunshan) Co., Ltd?***
- (ii) What is the board's view on the potential breaches of the Listing Manual, Companies Act and Securities and Futures Act, as noted by KPMG Services in their report?***
- (iii) In addition, can the independent directors, help shareholders better understand their level of involvement in the group, especially in the areas of internal controls, financial reporting and compliance?***

Company's Response

- (i) There are no further outstanding issues arising from the findings save those that have been covered in the report. However, the Company is working with its legal counsel to recover the outstanding amount due from the purchaser of Lorenzo Furniture (Kunshan) Co., Ltd.
- (ii) The current Board is of the view that the potential breaches may have been avoided if proper documentation control was practiced during the relevant period. During the relevant period of time, staff turnover was significant. The lapses mainly happened due to poor handover of outstanding matters from outgoing employees to incoming employees. Please note that two out of the members of the Board were appointed only in January 2019 and the Chairman only in 2023. The Board has since instructed management to rectify any shortcomings in their documents control and tighten all other areas of internal controls to prevent future occurrences.

- (iii) The Independent Directors have full access to management, external and internal auditors and other professionals to understand the weakness identified by the auditors during their audits on the internal controls, reporting and compliance. They have free access to the Group's financial and operating records if requested. All announcements and financial statements must be approved by the Board of Directors before they are released via SGXNet.

By Order of the Board

Lim Pang Hern
Executive Director
13 June 2023