

# ROFINA GROUP LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT FOR YEAR ENDED 31 MAY 2020

Rofina Group Limited (ACN 635 120 517)

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

References to the 'Group' throughout this report relates to Rofina Group Limited and its controlled entities.

KEY INFORMATION	YEAR TO 31 MAY 2020 \$	PERCENTAGE CHANGE %	YEAR TO 31 MAY 2019 \$
Revenue	9,596,353	Down 30.23%	13,753,934
Loss from ordinary activities after tax for the year	(2,305,269)	Down 1,922.75%	126,472
Net loss attributable to members of the Parent entity	(2,215,254)	Down 6,092.36%	36,968

### EARNINGS PER SHARE

	As at 31 May 2020 Cents	As at 31 May 2019 Cents
Basic Loss per Share	(0.044)	-
Diluted Loss per Share	(0.044)	-

### NET TANGIBLE ASSETS PER SHARE

	2020 Cents per share	2019 Cents per share
Net tangible assets backing per share	(0.008)	-

Net tangible asset backing per ordinary shares as at 31 May 2020 includes right of use assets and lease liabilities.

### FINANCIAL RESULTS

The consolidated loss of the Group for the year after providing for income tax amounted to \$2,305,269 (2019: \$126,472 profit).

- Trading Revenue of \$9,500,169 (2019: \$13,504,613)
- Cost of Sales of \$3,942,508 (2019: \$5,164,881)
- Employee benefit expenses of \$2,126,763 (2019: \$2,105,414)
- Occupancy costs of \$2,036,705 (2019: \$3,962,917)
- Depreciation and amortisation expenses of \$1,750,554 (2019: \$353,681)

### DIVIDEND

No dividends were paid or declared for payment during the period under review.

### DIVIDEND REINVESTMENT PLAN

No dividend re-investment plan in operation during the period under review.

### DETAILS OF SUBSIDIARIES

During the financial year, The Company became the ultimate parent of the Group through a reverse acquisition and gained control over all the subsidiaries Rofina Marketing (M) Sdn Bhd and Rofina Holdings Sdn Bhd.

### DETAILS OF FOREIGN ENTITIES

Rofina Marketing (M) Sdn Bhd and Rofina Holdings Sdn Bhd.

### OTHER

This Appendix 4E is based on the Annual Report, which has been subject to audit, with the Independent Auditor's Report included. Additional Appendix 4E disclosure requirements can be found in the 2020 Rofina Group Limited Annual Report attached.

This report is based upon consolidated financial statements contained within the 2020 Annual Report, which have been audited by LNP Audit & Assurance Pty Ltd.

### AUDIT MODIFIED OPINION, EMPHASIS OF MATTER OR OTHER MATTER

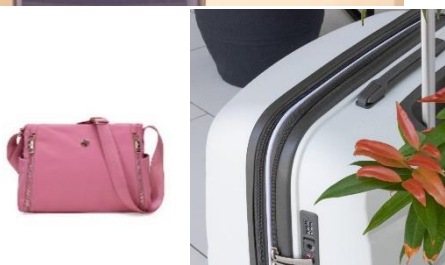
The financial statements have been subject to audit and include an unqualified auditors' report with a material uncertainty relating to going concern.

# Rofina Group Limited and Controlled Entities

ACN 635 120 517

## Annual Report

For the Year Ended 31 May 2020



# **Rofina Group Limited and Controlled Entities**

ACN 635 120 517

## **DIRECTORY**

### **Directors**

Boon Chin Soo, Chairman

Wei Yin Soo

Su Hian Tan

Chor Keat Ewe

Jacky Tran Cheung

### **Company Secretary**

Nicola Jayne Betteridge

### **Registered Office and Principal Place of Business**

c/o Boardroom Pty Ltd

Level 12, Grosvenor Place

225 George Street

Sydney, NSW 2000

### **Website**

[ir.rofinagroup.com](http://ir.rofinagroup.com)

### **Share Registry**

Boardroom Pty Ltd

Level 12, 225 George Street

Sydney, NSW 2000

### **Auditors**

LNP Audit and Assurance Pty Ltd

Level 14, 309 Kent Street

Sydney NSW 2000

### **Stock Exchange listing**

Rofina Group Limited shares are listed on the National Stock Exchange of Australia (NSX), code: 218

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Table of Contents

31 May 2020

	Page
Chairman's Statement	1
Directors' Report (including Remuneration Report)	2
Auditor's Independence Declaration	19
Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Changes in Equity	22
Consolidated Statement of Cash Flows	23
Notes to the Consolidated Financial Statements	24
Directors' Declaration	37
Independent Auditor's Report	38
Additional Information for Listed Public Companies	44

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Chairman's Statement

31 May 2020

Ladies and Gentlemen,

I am delighted to present the 2020 Annual Report for Rofina Group Limited (Rofina) and its controlled entities (the Group), the first since the Group listed on the National Stock Exchange of Australia (NSX) .

Rofina is one of the largest specialty retailers of luggage, bags, winter apparel and travel accessories in Malaysia and constantly strives to provide customers with a wide range of products at affordable prices and with good after sales service.

The Group's strategy is to be one of the market leaders in the luggage, bags, winter wear and travel accessories industry and to gain international recognition by carrying a wide range of quality products through the sale and distribution of the innovative designs of its own brand names and distributorships of products of other third-party brand owners.

The Group operates through its 26 retail stores, with a presence in 3 department stores across Malaysia, online, and through its recently established wholesale business in Australia which commenced in October 2019 with operations in Sydney and Melbourne.

The Group's immediate aim is to become a one stop-travel chain to resolve customers' travel needs. Therefore, the Group's plan is to continue to expand and upgrade its own products and source for better material, products and brands to introduce to the market. The Group intends to actively cultivate internal growth within the organisation and enhance the professionalism of its frontline salespeople further to serve our customers and all our stakeholders better.

The Group is building its brands Rofina, Cosas United and Ragdoll and is emerging as a strong contender in each market it enters, with the objective to achieve sustainable growth and endeavouring to further benefit of all of its stakeholders.

Efforts have been taken by the Group to leverage on E-commerce Platform sales and social media marketing with the focus on the sales of bags, backpacks and handbags. The Group has held Facebook Live events to promote their brand name and products with remarkable number of views.

The Group intends to actively promote own products to wider areas of viewers to increase recognition. With the implementation "Cuti-Cuti Malaysia Campaign" by the local Government to aid Malaysia's tourism industry, the Group has set up roadshows at multiple populated points to increase the brand awareness and increase sales.

The Group is investigating further international expansion, having commenced its wholesale operations in Australia, with the aim to be one of the top travel goods companies by 2025.

As part of this strategy, this year the Group was listed on the NSX on 31 August 2020. The capital raised on listing has significantly assisted the working capital and operations of the Group.

This year has been challenging for everyone in Malaysia, Australia and globally, everyone has felt the impacts of COVID-19 including Rofina, In addition to the positive operational and strategic impacts the NSX listing has benefited the Group by cushioning the negative impacts from Movement Control Order imposed by the Malaysian Government to subdue COVID-19.

Your Board believes that the actions that Rofina has been taken to mitigate the effects of COVID-19 as well as those to implement our strategy in the year have position the Group to look to the future. We believe the impact of the coronavirus will be temporary, and once the impact subsides, we are confident that we are well placed for the growth opportunities that will lie ahead.

Everyone at Rofina has worked tirelessly through this difficult period. On behalf of myself and the Board, I would like to sincerely thank all of our store and management team members, all of our customers and our suppliers, and all of our existing and new investors, and all of our other stakeholders for your help and assistance throughout this period.

Thank you.

Yours sincerely,



Boon Chir Soo

Chairman

Malaysia, 22<sup>nd</sup> September 2020

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

The Board of directors (Board) of Rofina Group Limited (Rofina, Company) presents the Financial Report on the Company and its controlled entities (Rofina Group, Group) for the year ended 31 May 2020.

### DIRECTORS AND SECRETARY

The following were the directors of the Company during the financial year, unless otherwise stated.

#### **Boon Chin Soo, Executive Chairman, appointed 26 July 2019**

Boon Chin Soo, who is the Executive Chairman and founder of Rofina began his career in 1975, and has more than 40 years of experience in manufacturing and retailing. He provides leadership to the Board and oversees the Group's research and development team in developing new collections and design of the Group's own brand such as Rofina, Cosas United and Ragdoll. He is key to establishing strategic and mutually beneficial partnerships and strategic alliances and relationships with customers, suppliers and organisation leaders to effectively support key business initiatives of the Group.

#### **Wei Yin Soo, Executive Director, Chief Executive Officer, appointed 26 July 2019**

Wei Yin Soo has a Diploma in Business Administration - INTI International College Penang. Much of the Group's success in obtaining a strong foothold in Peninsular Malaysia is due to the implementation of Mr. Soo's marketing strategies, which have boosted the Cosas United brand to become a well-known brand in Malaysia. Mr. Soo is responsible for managing the operations and resources of the Group.

#### **Jacky Tran Cheung, Non-Executive and Independent Director, appointed 20 September 2019**

Jacky Tran Cheung holds a Bachelor of Commerce from the University of New South Wales, a Masters in Operations Management from the University of Technology Sydney, and a Diploma in Financial Planning from Traineeship Management Australia. He is a director of Capital Link Pty Ltd, and of Banc Group Pty Ltd. Mr. Cheung is a Justice of the Peace and a director of financial advisory and property development company. He has worked with some of the largest financial institutions in Australia including NAB, Commonwealth Bank and Westpac.

#### **Chor Keat Ewe, Non-Executive and Independent Director, appointed 20 September 2019**

Chor Keat Ewe has a Bachelor of Commerce (Accounting and Finance) from Deakin University. Mr. Ewe has been a member of the Malaysia Institute of Accountants for over 10 years. He began his career at Aljeffridean Chartered Accountants, and since then has progressed to Deloitte Malaysia. He is presently Partner in Sincere Commercial Service, an accounting firm in Penang.

#### **Su Hian Tan, Non-Executive and Independent Director, appointed 26 July 2019**

Ms. Tan works with ABBA Group in Sydney in business broking, mergers and acquisitions and was a Business Development Consultant for Ability Options, a Sydney not-for-profit organisation. She was the CEO for Hokay Fitness & Ice Sports Group of Companies in Beijing. She is a proven multi-lingual business development and change management professional with over 20 years of international experience working in the health, wellness, sports and recreation industries.

#### **Peng Chiew Leong, Non-Executive and Independent Director, appointed 26 July 2019, resigned 20 September 2019**

Peng Chiew Leong graduated with Bachelor of Surveying with Honours from Melbourne, Australia. He is licenced to practice Land Surveying in the state of Victoria, Australia, Malaysia and New Zealand. He is also empanelled by KLRC (Now AIAC) as an Adjudicator. Mr Leong holds memberships with various leading surveyors institutes across Australia and Malaysia. He has extensive professional experience and has worked at Commonwealth Government of Australia. He also worked at Garlick & Stewart Consultants, then become Fisher Steward Consultants (now Earth Tech, a US based world-wide consortium of consultants). He is now the partner/ principal of SYARIKAT UKUR AMAN.

#### **Company Secretary - Nicola Betteridge**

The Company appointed Nicola Betteridge as the Company Secretary on 31 December 2019. Nicola is a Chartered Company Secretary with over 8 years' experience working with both ASX listed and unlisted companies in Australia. She has a law degree and has a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors' Report

31 May 2020

#### MEETINGS OF DIRECTORS

The number of directors' meetings and number of meetings attended by each director during the financial year are set out in the table below:

Director	Meetings eligible to attend	Meetings attended
Boon Chin Soo	6	6
Wei Yin Soo	6	6
Jacky Tran Cheung	4	4
Chor Keat Ewe	4	4
Su Hian Tan	6	6
Peng Chiew Leong	-	-

#### PRINCIPAL ACTIVITY

The Group markets and sells its own and other quality brands of travel goods and accessories through various sales channels including retail, business to business, e-commerce and wholesale, principally in Australia and Malaysia.

#### OPERATING AND FINANCIAL REVIEW

The consolidated loss after income tax for the year ended 31 May 2020 was \$2,215,154 (2019: profit \$36,968). Losses before interest, tax, depreciation, amortisation and impairments were \$166,280 (2019: earnings \$711,465).

The coronavirus pandemic created a challenging environment for the Group, particularly in the last quarter to 31 May 2020, with curtailed movement and decreased demand for the Group's product. Revenues for the year were \$9,500,169, compared to \$13,504,613 in the prior year, a reduction of 30%.

At 31 May 2020, the net current liabilities of the Group were \$1,251,953 (2019: \$1,960,198). Net cash outflow from operating activities during the year was \$677,606 (2019: \$2,588,034 cash outflow). As part of managing the Group's cash flow and ongoing liquidity, Rofina obtained moratoriums for loan repayments from its major bankers for a period of 6 months from April 2020 with possible further extension for an additional 4 months to January 2021. The Group has also negotiated deferred payment terms with certain suppliers until August 2021 at the earliest, and the Directors consider that the Group has the continuing support of its key suppliers in relation to this.

The Group's stores were closed as a result of the pandemic in March, and re-opened in May 2020. With the re-opening of stores, the Group believes the pandemic set back is temporary in nature, and with its new Australian market, the Group believes it has growth opportunity ahead. After the re-opening of the stores in May 2020 the Group has observed that sales have started to increase, albeit in a short period. To mitigate the decline in sales due to the temporary store closures, the Group implemented cost reductions including closure of stores upon expiry of leases, salary reductions, rent reductions, and income boosting measures including promoting our e-commerce platform sales, and obtaining the Malaysian Government wages subsidies.

#### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company was incorporated on 26 July 2019 and as such, these financial statements for the year ended 31 May 2020 are its first full set of statutory accounts.

In preparation for getting the Company listed with National Stock Exchange, the Group was restructured on 22 January 2020. The steps to restructure the Group included that the company acquired Rofina Marketing (M) Sdn Bhd, which was previously the ultimate parent of the Group, refer note 1(d).

For the consolidated financial statements of the Group, this has been accounted for as a reverse acquisition (refer note 1(d)). In applying the principles of reverse acquisition accounting, the consolidated financial statements have been presented as a continuation of the Rofina Marketing-led businesses and the Group is presented as if the Company had always owned the Group. The consolidated equity of the Group reflects the statutory share capital and share premium of the Company as if it had always existed.

In the directors' opinion, there have been no other significant changes in the state of affairs of the Group during the financial year other than those noted in this annual report.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF STRATEGIES AND BUSINESS OPERATIONS

Given the recent outbreak of COVID-19, the global near-halt in travel and tourism and the various measures taken by the Australian and Malaysian government in dealing with the pandemic, the growth plans of the Group can be summarised as follows:

#### *Grow e-commerce platform sales and enhance customer service*

The Group is implementing sustainable marketing strategies, including communicating aggressively and strategically through advertising and promotion via social media platforms and new channels such as TikTok and YouTube or other trending applications to promote brand awareness through cyberspace which can target specific groups of consumer in view of increasing the Group's e-commerce platform sales. The Group has a team dedicated to the development, implementation and to analyse its e-commerce platform strategy.

In tandem with growing the Group's e-commerce platform sales, the Group is focusing on enhancing its customer service by improving the average response time to any queries online customers may have. The Group believes that by reducing the time taken to provide clarification, customers are less likely to get distracted and navigate away from the site. The Group intends for its market share in East Malaysia and Australia to grow organically through online platforms.

#### *Growth and upgrade of own brand products*

Although the Group currently has approximately 2,400 own brand products which it manufactures and sells, the Group is looking to continuously enhance its research and development to expand and upgrade its product design, range and quality. The Group will also focus on growing and developing its range of handbags, backpacks and luggage designs for domestic travel. In addition to regular customer satisfaction surveys carried out by the Group to understand the needs and wants of customers, the Group actively attends various international fashion events in order to interact with fashion designers to keep abreast with latest trends.

#### *Expanding the range of third-party products*

In addition to the Group's own brand products, the Group is continuously identifying and evaluating new suppliers and potential brands to expand the Groups product range. The Group is currently in discussion with several brands and is optimistic that arrangements will be entered into for the sale and distribution of products in Malaysia and Australia.

Additional comments on expected results of certain operations of the Group are included in this annual report under the Operating and Financial Review.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 July 2020 the Group lodged a prospectus with the National Stock exchange of Australia (NSX) and on that date the Group raised \$1,450,000, the proceeds of which have been applied to meet certain liabilities and to improve the working capital position of the Group.

The Group was listed on the NSX on 31 August 2020.

Due to the current situation in relation to COVID-19, the business and economic environment is extremely uncertain with governments taking increasingly stringent steps to contain or delay the spread of COVID-19. Due to these circumstances, there is a significant increase in business and economic uncertainty, which is, for example, evidenced by more volatile markets, and uncertainty in asset values. COVID-19 has had significant impacts on local and global economies and has affected the Group. Group has taken actions to mitigate the uncertainties and risks and will continue to do so as required.

While the financial condition of the Group gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial information, with the current availability of cash and liquid assets, the Directors consider the Group will be able to meet its obligations as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

Other than as stated above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors' Report

31 May 2020

#### DIVIDENDS PAID OR RECOMMENDED

The directors have not recommended a dividend for the year ended 31 May 2020 at the date of this report.

#### SHARE OPTIONS

There are no unissued ordinary shares of Rofina Group Limited under options. No shares were issued, options granted by Rofina Group or any controlled entity and no options were exercised by any holder during the year ended 31 May 2020 or since that date.

#### ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

#### INDEMNIFICATIONS AND INSURANCE OF OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of Rofina Group Limited. No insurance or indemnification was taken on behalf of or for the auditors.

#### NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Company are important. The Board has considered the position and in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit service is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of the amounts paid or payable to the auditor for audit and non-audit services are detailed in Note 15.

#### PROCEEDINGS ON BEHALF OF GROUP

No person has brought proceedings against or on behalf of the Group or to intervene in any significant proceedings to which any such entity is a party for the purpose of taking responsibility for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

#### RISK MANAGEMENT

The Group takes a proactive approach to risk management. Management, through the Managing Director, is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board on the Group's key risks and the extent to which it believes these risks are being managed. This is performed informally on a six-monthly basis or more frequently as required by the Board. The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.

The Group has identified the key risks which the Group believes to be inherent in the business and industry in which the Group operates. These include: financing adequacy of capital and liquidity risk; operational risk; environmental risk; reputation risk; legal, compliance and regulatory risk; market risk including the state of the global travel and tourism industry; pandemic risk; intellectual property risk; and, occupational health and safety risk. These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which we operate. This is not necessarily an exhaustive list.

The Board receives regular reports addressing the management of the key risks associated with the Group's business. The Board has the right to appoint external professional advisers to carry out investigations into control mechanisms and report their findings and recommendations in relation to control improvements, processes and procedures to the Board.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

### CORPORATE GOVERNANCE

The primary responsibility of the Board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Rofina Group Limited including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Rofina Group is committed to good corporate governance, which promotes the long-term interests of shareholders, strengthens Board and management accountability and helps build public trust. The Board is elected by the shareholders to oversee their interest in the long-term health and the overall success of the business and its financial strength. The Board serves as the ultimate decision-making body of the Group, except for those matters reserved to or shared with the shareholders. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Group.

The Board has assessed the Group's current practice against principles of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th edition (Guidelines). In compliance with the "if no why not" reporting regime, where the Group's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Group has adopted instead of those in the recommendation.

This statement was adopted by the board on 1 July 2020.

Recommendation	Complies?	Group compliance approach and activities
<b>Principle 1 – Lay solid foundations for management and oversight</b> An entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance		
<b>Recommendation 1.1</b> A listed entity should have and disclose a board charter setting out: <ul style="list-style-type: none"> <li>the respective roles and responsibilities of its board and management; and</li> <li>those matters expressly reserved to the board and those delegated to management.</li> </ul>	Yes	The Company has adopted a formal charter (Board Charter) clearly setting out the respective roles and responsibilities of the Board, the Chair, and Company Secretary.  Responsibilities reserved to the Board include: <ul style="list-style-type: none"> <li>providing leadership and setting the strategic objectives of the Company;</li> <li>appointing the chair;</li> <li>appointing and when necessary replacing the CEO;</li> <li>approving the appointment and when necessary replacement of other senior executives of the Company;</li> <li>overseeing management's implementation of the Company's strategic objectives and its performance generally;</li> <li>through the chair, overseeing the role of the Company Secretary;</li> <li>approving operating budgets and major capital expenditure;</li> <li>overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit;</li> <li>overseeing the Group's process for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of Company's securities;</li> <li>ensuring that the Group has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;</li> <li>approving the Group's remuneration framework; and</li> <li>monitoring the effectiveness of the Group's governance practices.</li> </ul> A copy of the Board Charter is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a> .
<b>Recommendation 1.2</b> A listed entity should: <ul style="list-style-type: none"> <li>undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</li> </ul>	Yes	The Group has undertaken insolvency searches in relation to the Directors of the Company. All information relevant to a decision to elect or re-elect a Director will be provided to Shareholders in any notice of meeting pursuant to which a resolution to elect or re-elect a Director will be voted upon.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

Recommendation	Complies?	Group compliance approach and activities
<ul style="list-style-type: none"> <li>provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>		In addition, the Group has established a Nomination and Remuneration Committee to identify and make recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise and the results of appropriate checks.
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>The Group's Board Charter requires that the terms and conditions of appointment of a Director be confirmed in a formal letter of appointment or a service contract. Specifically:</p> <ul style="list-style-type: none"> <li>each non-executive Director has executed appointment letters with the Company setting out the terms and conditions of their appointment; and</li> <li>each executive Director and senior executive of the Group has executed employment letters with Rofina Marketing, setting out the terms and conditions of their employment.</li> </ul>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	<p>The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p> <p>The Group has adopted a formal Board Charter setting out the Company Secretary's responsibilities. Under the Board Charter, the Company Secretary is responsible for:</p> <ul style="list-style-type: none"> <li>advising the Board and its committees on governance matters;</li> <li>monitoring that Board and committee policy and procedures are followed;</li> <li>coordinating the timely completion and dispatch of Board and committee papers;</li> <li>ensuring the business at Board and committee meetings is accurately captured in the minutes; and</li> <li>helping to organise and facilitate the induction and professional development of Directors and the Company Secretary.</li> </ul>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a diversity policy;</li> <li>through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>disclose in relation to each reporting period:               <ul style="list-style-type: none"> <li>(i) the measurable objectives set for that period to achieve gender diversity;</li> <li>(ii) the entity's progress towards achieving those objectives; and</li> <li>(iii) either:                   <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in that Act.</li> </ul> </li> </ul> </li> </ul>	No	<p>The Group has adopted a diversity policy (Diversity Policy) which promotes diversity and inclusion regardless of employees' experiences, perspectives, professional skills, gender, gender identity, age, disabilities, sexual orientation, ethnicity, marital status, religious beliefs, socioeconomic backgrounds and cultural backgrounds.</p> <p>The Board considers that since the Group has only recently adopted the Diversity Policy it has not set measurable objectives or disclosed these as at today's date. The Group intends to disclose the measurable objectives for achieving diversity and the Group's progress in achieving these objectives.</p> <p>The Diversity Policy entrusts the Board with the responsibility for designing and overseeing the implementation of the Diversity Policy.</p> <p>Under the Diversity Policy, the Board is:</p> <ul style="list-style-type: none"> <li>required to develop initiatives that will promote and achieve diversity goals;</li> <li>responsible for reviewing this Diversity Policy and will assess the status of diversity within the Group and the effectiveness of this policy in achieving the measurable objectives which have been set to achieve diversity;</li> <li>responsible for assessing the need for specific and measurable gender diversity targets periodically, and if required, setting those targets; and</li> <li>responsible for assessing the effectiveness of the Group's diversity objectives each year.</li> </ul>

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

Recommendation	Complies?	Group compliance approach and activities
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	Yes	<p>Under the Board Charter, each Director's performance is assessed when standing for re-election. Before each AGM, the Chair of the Board assesses the performance of any Director standing for re-election and the Board will determine their recommendation to Shareholders on the re-election of the Director (in the absence of the Director involved). The Board (excluding the Chairman) will conduct the review of the Chairman.</p> <p>In addition, the Nomination and Remuneration Committee is responsible for the development and implementation of a process for evaluating the performance and professional development needs of the Board.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>disclose for each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</li> </ul>	Yes	<p>Under the Board Charter, senior executives' performance will be considered by the independent directors in a meeting separate to the Board meetings. The Chairman is responsible for ensuring independent Director meetings take place on a regular basis.</p>
<p><b>Principle 2 – Structure the board to be effective and add value</b></p> <p>The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</p>		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a nomination committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Yes	<p>The Board has appointed a dedicated Nomination and Remuneration Committee, which will have authority and power to exercise the roles and responsibilities granted to it under a nomination and remuneration committee charter (Nomination and Remuneration Committee Charter), and any other resolutions of the Board from time to time.</p> <p>The committee is comprised of four Directors a majority of whom are independent and non-executive Directors.</p> <p>The chairperson is one of the independent, non-executive Directors.</p> <p>At Listing the members of the Nomination and Remuneration Committee are:</p> <ul style="list-style-type: none"> <li>Chair: Jacky Tran Cheung;</li> <li>Member: Chor Keat Ewe;</li> <li>Member: Su Hian Tan; and</li> <li>Member: Boon Chin Soo.</li> </ul> <p>The Nomination and Remuneration Committee Charter is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	No	<p>The Group has established charter rules for the Nomination and Remuneration Committee as a guide for Board deliberations. Together, the directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Group and its business.</p> <p>The Board intends to formalise a skills matrix.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p>	Yes	<p>The Board considers Jacky Tran Cheung (appointed in September 2019) to be an independent director.</p>

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

Recommendation	Complies?	Group compliance approach and activities
<ul style="list-style-type: none"> <li>the names of the directors considered by the board to be independent directors;</li> <li>if a director has an interest, position or relationship of the type described in Box 2.3 of the ASX CG Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</li> <li>the length of service of each director.</li> </ul>		<p>The Board also considers Chor Keat Ewe (appointed in September 2019) to be an independent director.</p> <p>The Board also considers Su Hian Tan (appointed in July 2019) to be an independent director.</p> <p>The Board notes the following Directors are deemed not independent:</p> <p>Boon Chin Soo (appointed in July 2019) – Boon Chin Soo is the Executive Chairman and substantial shareholder of the Company.</p> <p>Wei Yin Soo (appointed in July 2019) – Wei Yin Soo is the chief executive officer of the Group and substantial shareholder of the Company.</p> <p>The Board will regularly assess the independence of each director in light of the interests disclosed by them. That assessment will be made at least annually at, or around the time, that the Board considers candidates for election to the Board. Each independent director is required to provide the Board with all relevant information for this purpose. The outcome of the assessment will be reflected in the corporate governance section of the annual report.</p> <p>If the Board determines that a director's independent status has changed, that determination will be disclosed to the market.</p> <p>All directors' interests, position, relationships, and length of service have been disclosed in its Prospectus dated 1 July 2020 and will be disclosed by the Group to the market periodically.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	Yes	<p>The Company currently has five directors, of which three are independent non-executive Directors.</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the Chief Executive Officer of the entity.</p>	No	<p>The Chairman, Boon Chin Soo is an Executive Director.</p> <p>The Group's chief executive officer, Wei Yin Soo, is not the same individual as the Chairman.</p> <p>The Board believes the non-independence of the Chairman does not impede oversight of the chief executive officer by the Chairman.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Yes	<p>Under the Board Charter, the directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.</p> <p>The Company Secretary is responsible to organise and facilitate the induction and professional development of directors.</p>
<p>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</p> <p>A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</p>		
<p>Recommendation 3.1</p> <p>A listed entity should articulate and disclose its values.</p>	Yes	<p>The Group's Statement of Values is contained in the code of conduct (Code of Conduct).</p> <p>The Code of Conduct is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 3.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	Yes	<p>The Board has adopted a code of conduct (Code of Conduct) which sets out the values, commitments, ethical standards and policies of the Group and outlines the standards of conduct expected of the Group's business and people, taking into account the Group's legal and other obligations to its stakeholders.</p> <p>The Code of Conduct applies to all directors, as well as all officers, employees, contractors, consultants, other persons that act on behalf of the Group, and associates of the Group.</p>

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

Recommendation	Complies?	Group compliance approach and activities
		<p>The Code of Conduct covers; the Group's core values and commitments; conflicts of interest; opportunities, benefits and ownership of work; anti-bribery and gifts; dealings with politicians and government officials; confidentiality; privacy; fair dealing; discrimination, bullying, harassment and vilification; health and safety; protection and use of the Group's assets and property; compliance with laws and regulations; responsibility to Shareholders and the financial community; insider trading; and whistleblower protection.</p> <p>The Code of Conduct is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 3.3</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose a whistleblower policy; and</li> <li>• ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	Yes	<p>The Whistleblower Policy. This policy encourages employees to raise any concerns and report instances of illegal, unacceptable, or undesirable conduct within the Group.</p> <p>The policy deals with (among other things):</p> <ul style="list-style-type: none"> <li>• how employees can make reports about any of the above behaviours anonymously and/or confidentially, securely, and outside of business hours;</li> <li>• the procedures following disclosure by an employee;</li> <li>• how investigations will be conducted by the Group;</li> <li>• reporting of the outcome of the investigation; and</li> <li>• communications to whistleblowers.</li> </ul> <p>The Whistleblower Policy is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 3.4</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose an anti-bribery and corruption policy; and</li> <li>• ensure that the board or a committee of the board is informed of any material breaches of that policy.</li> </ul>	Yes	<p>The Group has adopted an Anti-Bribery and Corruption Policy.</p> <p>This policy outlines the Group's stance in relation to bribes, corruption, and other improper payments or benefits received or given by the Group and its personnel and the damage to the Group's reputation and good standing in the community.</p> <p>The Anti-Bribery and Corruption Policy is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Principle 4 – Safeguard integrity in corporate reports</p> <p>A listed entity should have appropriate processes to verify the integrity of its corporate reports.</p>		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• have an audit committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, who is not the chair of the board,</li> </ul> and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>• if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the</li> </ul>	Yes	<p>The Board has established an Audit and Risk Committee. This committee is responsible for, amongst other things, appointing the Group's external auditors and overseeing the integrity of the Group's internal and external financial reporting systems and financial statements.</p> <p>At listing, the members of the Audit and Risk Committee are:</p> <ul style="list-style-type: none"> <li>• Chair: Chor Keat Ewe;</li> <li>• Member: Jacky Tran Cheung; and</li> <li>• Member: Su Hian Tan,</li> </ul> <p>all of whom are non-executive and independent Directors. The chair is an independent director.</p> <p>The Group has also adopted an Audit and Risk Committee Charter which governs the responsibilities and powers of the Audit and Risk Committee which is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p> <p>The Group intends to disclose, at the relevant time, the number of times the Audit and Risk Committee has met, and the attendance at those meetings, at the end of each relevant reporting period.</p>

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

Recommendation	Complies?	Group compliance approach and activities
appointment and removal of the external auditor and the rotation of the audit engagement partner.		
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>The Board has implemented a process to receive written assurances from its Chief Financial Officer and Chief Executive Officer that the declarations that will be provided under Section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting.</p> <p>The Board will seek these assurances prior to approving the annual financial statements for all half year and full year results that follow.</p>
<p>Recommendation 4.3</p> <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	Yes	<p>In addition to reviewing regulatory filings and decisions as they relate to the Group's financial statements, the Audit and Risk Committee will review any reports that are to be released to the market that are not audited or reviewed by an external auditor. In doing so, the Audit and Risk Committee will also disclose its process for verifying the integrity of any such report.</p> <p>Additionally, the Group has adopted a formal Disclosure and Communication Policy, where there is an express requirement that the external auditor will attend the AGM and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.</p>
<p>Principle 5 – Make timely and balanced disclosure</p> <p>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</p>		
<p>Recommendation 5.1</p> <p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	Yes	<p>Consistent with the Board's commitment to improving its disclosure policy, the Board has adopted a Disclosure and Communication Policy, which sets out the Group's commitment to the objective of promoting investor confidence and the rights of Shareholders by: complying with the continuous disclosure obligations imposed by law; ensuring that company announcements are presented in an accurate, clear, objective and balanced way; ensuring that all Shareholders have equal and timely access to material information concerning the Group; and communicating effectively with Shareholders and making it easy for them to participate in general meetings.</p> <p>The Disclosure and Communication Policy is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 5.2</p> <p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	Yes	<p>The Group has adopted a Disclosure and Communication Policy which specifically requires that all material market announcements be provided to the Board promptly after release to the market.</p>
<p>Recommendation 5.3</p> <p>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the NSX Market Announcements Platform ahead of the presentation.</p>	Yes	<p>The Group has adopted a Disclosure and Communication Policy which specifically requires that all substantive investor or analyst presentations be released to the market prior to the relevant presentation.</p>

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

Recommendation	Complies?	Group compliance approach and activities
<b>Principle 6 – Respect the rights of security holders</b> A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Group recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Group. Information concerning the Group and its governance practices is available on its website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a> .
<b>Recommendation 6.2</b> A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	No	Prior to listing, the Group has not finalised this. Post listing, the Group intends to ensure that all shareholders are well informed of all major developments affecting the Company and that the full participation of shareholders at the AGM is facilitated. In addition, the Group communicates with its shareholders by making timely market announcements, posting relevant information on its website, inviting shareholders to make direct inquiries to the Group and through the use of general meetings.
<b>Recommendation 6.3</b> A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	The Board encourages participation of shareholders at the AGM or any other shareholder meetings to ensure a high level of accountability and identification with the Group's strategy and goals.  Upon the dispatch of any notice of meeting to shareholders, the Company Secretary will send out materials with that notice stating that shareholders are encouraged to participate at the meeting.
<b>Recommendation 6.4</b> A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	No	The Company's Constitution provides the Company with the ability to decide any resolution, save for procedural resolutions, on a poll. Further, a poll may also be demanded by Shareholders.  Where possible, the Company will endeavour to decide all resolutions on a poll. The Company considers that these requirements adequately protect the interests of shareholders.
<b>Recommendation 6.5</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company's shareholders may elect to receive information from the Company and its registry electronically. Otherwise, the Company and its registry will communicate by post with shareholders who have not elected to receive information electronically.
<b>Principle 7 – Recognise and manage risk</b> A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
<b>Recommendation 7.1</b> The board of a listed entity should: <ul style="list-style-type: none"> <li>have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director;</li> </ul> disclose: <ul style="list-style-type: none"> <li>(i) the charter of the committee;</li> <li>(ii) the members of the committee; and</li> <li>(iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	Yes	The Board has established an Audit and Risk Committee. This committee is responsible for, amongst other things, appointing the Group's external auditors and overseeing the integrity of the Group's financial reporting systems and financial statements.  At listing, the members of the Audit and Risk Committee are: <ul style="list-style-type: none"> <li>Chair: Chor Keat Ewe;</li> <li>Member: Jacky Tran Cheung; and</li> <li>Member: Su Hian Tan,</li> </ul> all of whom are non-executive and independent directors. The chair is an independent director.  The relevant qualifications and experience of the members of the Audit and Risk Committee are disclosed in this financial report.  The Group has adopted an Audit and Risk Committee Charter which is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a> .

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

Recommendation	Complies?	Group compliance approach and activities
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</li> <li>disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	No	<p>Under the Board Charter, the Board will ensure that the Group has in place an appropriate risk management framework and will set the risk appetite within which the Board expects management to operate.</p> <p>Further, the Audit and Risk Committee will, among other things, regularly review and update the risk profile and ensure that the Group has an effective risk management system.</p> <p>As part of this process, the Board will review, at least annually, the Group's risk management framework in order to satisfy itself that it continues to be sound.</p> <p>The Group intends to, at the relevant time, whether a review of the Group's risk management framework was undertaken during the relevant reporting period.</p> <p>The Audit and Risk Committee is newly formed and has not conducted an annual review to date. Audit and Risk Committee is expected to conduct their first review during half year review process.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</li> </ul>	No	<p>The Group has an external auditor and the Audit and Risk Committee will monitor and evaluate material or systemic issues.</p> <p>Does not presently comply as the Board believes it and the Audit and Risk Committee have adequate oversight of the existing operations.</p> <p>The Group intends to formalise the appointment of an internal audit function in line with its Audit and Risk Committee Charter.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Group has disclosed all material risks facing the Group and how it intends to manage those risks in the Risk Management section of this Directors' Report.</p>
<p>Principle 8 – Remunerate fairly and responsibly</p> <p>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.</p>		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a remuneration committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director;</li> </ul> </li> <li>disclose: <ul style="list-style-type: none"> <li>(i) the charter of the committee;</li> <li>(ii) the members of the committee; and</li> <li>(iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	Yes	<p>The Group has established a Nomination and Remuneration Committee. The committee is responsible for developing, reviewing and making recommendations on: the remuneration structure for directors; the remuneration packages to be awarded to senior executives; equity-based remuneration plans for senior executives and other employees; and superannuation arrangements for executive Directors, senior executives and other employees.</p> <p>As noted above, at listing the members of the Nomination and Remuneration Committee are:</p> <ul style="list-style-type: none"> <li>Chair: Jacky Tran Cheung;</li> <li>Member: Chor Keat Ewe;</li> <li>Member: Su Hian Tan; and</li> <li>Member: Boon Chin Soo.</li> </ul> <p>The Group intends to disclose, at the relevant time, the number of times the committee has met, and the attendance at those meetings, at the end of each reporting period.</p> <p>The Group has adopted a Nomination and Remuneration Committee Charter which is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors' Report

31 May 2020

Recommendation	Complies?	Group compliance approach and activities
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>Each director and senior executive have entered into a separate agreement with either the Company or Rofina Marketing, respectively. The remuneration of directors and senior executives is to be reviewed annually. As noted above, a Nomination and Remuneration Committee Charter is in place and this committee is responsible for reviewing remuneration. The Nomination and Remuneration Committee is responsible for establishing a process for remuneration reviews and amending that process as it sees fit.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>• have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>• disclose that policy or a summary of it.</li> </ul>	Yes	<p>The Group's Securities Trading Policy is a code that is designed to minimise the potential for insider trading.</p> <p>The Securities Trading Policy is available on the Group's website <a href="https://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
Additional recommendations that apply only in certain cases		
<p>Recommendation 9.1</p> <p>A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.</p>	Yes	<p>All members of the board speak English. The Chairman has a conversational/ intermediate level of English. For more complex documentations and discussions, the Board will engage the services of a translator, if required.</p>
<p>Recommendation 9.2</p> <p>A listed entity established outside of Australia should ensure that meetings of security holders are held at a reasonable place and time.</p>	Yes	<p>As the Group will have shareholders across Australia and Malaysia, the Group will ensure that meetings of security holders are held at a reasonable time and as per the Disclosure and Communication policy, the Group will consider using appropriate technology for encouraging shareholder participation.</p>
<p>Recommendation 9.3</p> <p>A listed entity established outside of Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>Under the Disclosure and Communication Policy, the Company will ensure that the external auditor attends the Group's AGM.</p>

The full content of the Group's Corporate Governance policies and charters will shortly be available on the Group's website (<https://ir.rofinagroup.com/governance/>).

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2020

### REMUNERATION REPORT (audited)

This report outlines the remuneration arrangements in place for directors and key management personnel of the Group for Financial Year 2020. The remuneration report is set out under the following main headings:

- A. Principles, policies and practices used to determine the nature and amount of remuneration;
- B. Details of remuneration;
- C. Service agreements;
- D. Shareholdings and Share-based compensation; and
- E. Other Information.

These disclosures have been audited, as required by section 308(3C) of the Corporations Act 2001.

#### A Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its directors, executives and other key management personnel.

To prosper, the Group must attract, motivate and retain highly skilled Directors, Executives and other key management personnel. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- ensure that a significant portion of executive remuneration is 'at risk', and therefore dependent on meeting pre-determined performance benchmarks; and
- establish appropriate performance hurdles in relation to variable executive remuneration.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Currently the Board has determined that directors and senior managers will be remunerated at fixed rates per month to enable the Group to have control of its costs and cash flows.

In addition, the Group has established a Nomination and Remuneration Committee to identify and make recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise and the results of appropriate checks. the Nomination and Remuneration Committee is responsible for the development and implementation of a process for evaluating the performance and professional development needs of the Board.

The directors will introduce remuneration policies which seeks to align director and executive objectives with those of shareholders by recognising the criticality of funds being utilised to achieve business development objectives.

The remuneration committee comprises: Jacky Tran Cheung (Non-Executive Chair); Boon Chin Soo (Executive Director); Chor Keat Ewe (Non-Executive Director) and Su Hian Tan (Non-Executive Director).

The Group designs its remuneration policies to align with shareholder and business objectives. The reward framework is designed to enhance shareholders' interest by using short-term component structure with fixed remuneration and attracting and retaining quality executives and directors. Directors are currently rewarded based on the following framework.

Name	Fixed Remuneration: Cash based %	Non-salary Incentives %	Shares and Options %	Total %
<b>Executive Chairman:</b>				
Boon Chin Soo	100	-	-	100
<b>Executive Director:</b>				
Wei Yin Soo	100	-	-	100
<b>Non-Executive Directors:</b>				
Jacky Tran Cheung (appointed 20 September 2019)	100	-	-	100
Chor Keat Ewe (appointed 20 September 2019)	100	-	-	100
Su Hian Tan (appointed on 26 July 2019)	100	-	-	100
Peng Chiew Leong (resigned 20 September 2019)	-	-	-	-

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors' Report

31 May 2020

#### *Non-executive directors' remuneration*

Non-executive director's remuneration is paid at market rates approved by shareholders for their commitment and responsibilities. Fees paid to non-executive directors are not linked to performance of the Group. Independent external advice is sought when required. Remuneration may include incentive bonuses and/or options which may be subjected to shareholder approval.

#### *Executive remuneration*

The board determines the executive remuneration based on their qualification, experience and contribution to the Group. The remuneration amount is regularly compared in the external market by surveying industry and during recruitment activities. The Board may use external remuneration consultants if required to provide independent advice.

#### *Performance-based remuneration*

The remuneration is linked to short-term based performance. As the Group expands in the future, remuneration practice and policies will be reassessed to realigned with the business objectives and may offer specific long-term incentives based on key performances affecting the Group's financial results.

#### *Relationship between remuneration policy and Group performance*

The maximum amount of remuneration of directors' fees is subject to the approval of shareholders at the Annual General Meeting and is not directly related to the performance of the Group.

### **B Remuneration**

The remuneration of the directors and other key management personnel of the Group are set out below. Key management personnel for the year ended 31 May 2020 include the company's executive and non-executive directors and other senior management of the Group.

Details of the nature and amount of remuneration of key management personnel are as stated below:

2020	Salary / Fees	Bonus	Super Contribution	Shares and options	Total
<b>Directors</b>	\$	\$	\$	\$	\$
Boon Chin Soo	76,047	-	5,749	-	81,796
Wei Yin Soo	67,947	-	7,793	-	75,740
Jacky Tran Cheung (appointed 20 September 2019)	-	-	-	-	-
Chor Keat Ewe (appointed 20 September 2019)	-	-	-	-	-
Su Hian Tan (appointed on 26 July 2019)	-	-	-	-	-
Peng Chiew Leong (resigned 20 September 2019)	-	-	-	-	-
<b>Other key management personnel</b>					
Yeng Fong Wong	64,384	-	7,367	-	71,751
Yi Yun Soo	43,683	-	4,982	-	48,665
	<b>252,061</b>	<b>-</b>	<b>25,891</b>	<b>-</b>	<b>277,952</b>

2019	Salary / Fees	Bonus	Super Contribution	Shares and options	Total
<b>Directors</b>	\$	\$	\$	\$	\$
Boon Chin Soo	64,505	-	5,020	-	69,525
Wei Yin Soo	49,615	-	5,695	-	55,310
Peng Chiew Leong	-	-	-	-	-
<b>Other key management personnel</b>					
Yeng Fong Wong	54,837	-	6,323	-	61,160
Yi Yun Soo	38,064	-	4,378	-	42,442
	<b>207,021</b>	<b>-</b>	<b>21,416</b>	<b>-</b>	<b>228,437</b>

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors' Report

31 May 2020

#### C Service Agreements

Details of the service agreements between the Company and executives considered KMPs, are as follows.

Name	Title	Term of agreement	Base salary including superannuation	Termination Benefit
			\$	\$
Boon Chin Soo	Executive Chairman	Employment contract	73,175	-
Wei Yin Soo	Executive Director	Employment contract	64,750	-
Yeng Fong Wong	Director	Employment contract	68,760	-
Yi Yun Soo	Director	Employment contract	46,502	-

#### D Shareholdings and share based remuneration

Key management personnel shares in the company held during the financial year are as set out below.

Ordinary shares in units	Balance at the start of the year	Received as part of remuneration	Additions/ (Disposals)	Total
Boon Chin Soo	-	-	36,422,168	36,422,168
Wei Yin Soo	-	-	14,568,868	14,568,868
Jacky Tran Cheung	-	-	-	-
Chor Keat Ewe	-	-	-	-
Su Hian Tan	-	-	-	-
Yeng Fong Wong	-	-	14,568,867	14,568,867
Yi Yun Soo	-	-	7,284,433	7,284,433
	-	-	<b>72,844,336</b>	<b>72,844,336</b>

As the company was incorporated in July 2019, there is no comparative information.

#### E Other information

##### *Key management personnel loans*

Refer to Note 14.

##### *Directors Guarantee*

An undertaking dated 21 February 2020, was reached between Boon Chin Soo and Wei Yin Soo, in favour of Rofina Group, Rofina Global, Rofina Holdings and Rofina Marketing whereby Boon Chin Soo and Wei Yin Soo jointly, severally and unconditionally undertook to provide an unsecured and interest free loan to the Group as may be required up to an amount of \$1,000,000 to support, fund and maintain the operations of the Group, in the ordinary course of the Group's business during until 31 May 2022. Each advance is to be treated as a separate loan and is repayable on the business date that is at the end of five years from the date of the advance or another date by mutual agreement of Boon Chin Soo, Wei Yin Soo and the Group.

#### End of remuneration report

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors' Report

31 May 2020

#### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 31 May 2020 has been received and a copy can be found at page 19.

This director's report, incorporating the remuneration report, is made in accordance with a resolution of the Board of Directors.



Boon Chin Sob, Chairman

Malaysia

Dated this 22<sup>nd</sup> day of September 2020

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ROFINA GROUP LIMITED

As lead auditor of Rofina Group Limited for the year ended 31 May 2020, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Sydney, 22 September 2020

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 May 2020

		2020	2019
	Note	\$	\$
Revenue from contracts with customers	3	9,500,169	13,504,613
Cost of Sales		(3,942,508)	(5,164,881)
Gross Profit		5,557,661	8,339,732
Other income	3	96,184	249,321
General and administration		(1,393,415)	(1,661,977)
Occupancy		(2,036,705)	(3,962,917)
Depreciation and amortisation		(1,750,554)	(353,681)
Employee benefit expenses		(2,126,763)	(2,105,414)
Professional fees		(353,257)	(57,776)
Finance Cost		(286,057)	(320,816)
<b>(Loss)/Profit before income tax</b>		<b>(2,292,906)</b>	<b>126,472</b>
Income tax expense	4	(12,363)	-
<b>(Loss)/Profit for the year</b>		<b>(2,305,269)</b>	<b>126,472</b>
<b>Other comprehensive income, net of income tax</b>			
Net movement in foreign currency translation reserve		90,015	(89,504)
<b>Total comprehensive (loss)/profit for the year attributable to members of the</b>		<b>(2,215,254)</b>	<b>36,968</b>
<b>Losses per share for loss attributable to members of the parent entity</b>			
Basic loss per share	5	(0.044)	n/a
Diluted loss per share	5	(0.044)	n/a

The accompanying notes form part of these Consolidated financial statements.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Consolidated Statement of Financial Position

As at 31 May 2020

		2020	2019
	Note	\$	\$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents		11,252	38,775
Trade and other receivables	6	1,158,062	1,562,031
Inventories		2,698,746	2,706,116
Current tax receivable		131,041	169,399
TOTAL CURRENT ASSETS		<u>3,999,101</u>	<u>4,476,321</u>
NON-CURRENT ASSETS			
Property, plant & equipment	7	3,036,501	3,434,155
Right of use assets	8	1,872,235	-
Investment properties	11	754,526	795,812
TOTAL NON-CURRENT ASSETS		<u>5,663,262</u>	<u>4,229,967</u>
TOTAL ASSETS		<u><u>9,662,363</u></u>	<u><u>8,706,288</u></u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	498,306	4,119,196
Borrowings	10	3,671,963	2,317,323
Lease liabilities	8	1,080,785	-
TOTAL CURRENT LIABILITIES		<u>5,251,054</u>	<u>6,436,519</u>
NON-CURRENT LIABILITIES			
Trade and other payables	9	3,473,818	-
Borrowings	10	1,309,934	2,062,114
Lease liabilities	8	839,519	-
TOTAL NON-CURRENT LIABILITIES		<u>5,623,271</u>	<u>2,062,114</u>
TOTAL LIABILITIES		<u>10,874,325</u>	<u>8,498,633</u>
NET (LIABILITIES) / ASSETS		<u><u>(1,211,962)</u></u>	<u><u>207,655</u></u>
<b>EQUITY</b>			
Issued capital	13	817,393	817,393
Accumulated Losses		(2,029,866)	(520,234)
Foreign Currency Translation Reserve		511	(89,504)
TOTAL EQUITY		<u><u>(1,211,962)</u></u>	<u><u>207,655</u></u>

The accompanying notes form part of these Consolidated financial statements.

**Rofina Group Limited and its Controlled Entities**  
**ACN 635 120 517**

**Consolidated Statement of Changes in Equity**

For the year ended 31 May 2020

<b>2020</b>	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Translation Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 June 2019	817,393	(520,234)	(89,504)	207,655
Adjustment from reverse acquisition (note 1d)		705,622	-	705,622
Loss for the year	-	(2,215,254)	-	(2,215,254)
Other comprehensive income for the year	-	-	90,015	90,015
Balance at 31 May 2020	817,393	(2,029,866)	511	(1,211,962)

**2019**

Balance at 1 June 2018	817,393	(557,202)	-	260,191
Profit for the year	-	36,968	-	36,968
Other comprehensive losses for the year	-	-	(89,504)	(89,504)
Balance at 31 May 2019	817,393	(520,234)	(89,504)	207,655

The accompanying notes form part of these Consolidated financial statements.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Consolidated Statement of Cashflows

For the year ended 31 May 2020

	2020	2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(2,292,906)	126,472
Depreciation and amortisation	1,750,554	353,681
Lease finance costs	119,749	-
Income tax refund/(paid)	25,995	(34,751)
Decrease/(increase) in trade and other receivables	403,969	(319,337)
Decrease/(increase) in inventory	7,369	(630,803)
(Decrease) in trade and other payables	(692,336)	(2,083,296)
Net cash flows used in by operations	(677,606)	(2,588,034)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(47,314)	(122,208)
Net cash flows used in investing activities	(47,314)	(122,208)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings and other loans	373,315	33,692
Proceeds from share issue	-	2,771,206
Net cash flows provided by financing activities	373,315	2,804,898
<b>(Decrease) / increase in cash held</b>	<b>(351,605)</b>	<b>94,656</b>
Cash and cash equivalents at beginning of year	(711,653)	(716,805)
Foreign exchange movement	90,015	(89,504)
<b>Cash and cash equivalents at end of financial year</b>	<b>(973,243)</b>	<b>(711,653)</b>
<i>Reconciliation to statement of financial position:</i>		
Cash and cash equivalents	11,252	38,775
Bank overdrafts	10 (984,495)	(750,428)
	<b>(973,243)</b>	<b>(711,653)</b>

The accompanying notes form part of these Consolidated financial statements.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

### General Information

The financial report covers Rofina Group Limited (the Company) and its Controlled Entities (the Group). Rofina Group Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The Company was incorporated on 26 July 2019 and, as such, these financial statements for the year ended 31 May 2020 are its first full set of statutory accounts. On 27 August 2020, the Company's shares were admitted to trading on the National Stock Exchange of Australia. A prospectus was filed on 1 July 2020.

In preparation for the listing, the Group was restructured on 22 January 2020. The steps to restructure the Group had the effect of the Company becoming the Parent of Rofina Marketing (M) Sdn Bhd, which was previously the ultimate parent of the Group. For the consolidated financial statements of the Group, this has been accounted for as a reverse acquisition (refer note 1(d)). In applying the principles of reverse acquisition accounting, the consolidated financial statements have been presented as a continuation of the Rofina Marketing (M) Sdn Bhd and the Group is presented as if the Company had always owned the Group, and accordingly the comparatives represent those of the Group previously owned by Rofina Marketing (M) Sdn Bhd. The consolidated equity of the Group reflects the statutory share capital of the Company as if it had always existed, adjusted for movements in the underlying Rofina Global and Rofina Marketing share capital and reserves until the share for share exchange.

Comparatives are consistent with prior years, except as stated above and unless otherwise stated. The financial report was authorised for issue by the Directors on 22 September 2020.

### 1. Summary of Significant Accounting Policies

These financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Controlled Entities as at 31 May 2020. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Accounting policies of the Controlled Entities are consistent with the policies adopted by the Group. All controlled entities have a 31 May financial year end, and are detailed at Note 15 to the financial statements.

#### b) Revenue and other income

*Revenue from contracts with customers* is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as prescribed by AASB 15: *Revenue from contracts with customers*.

*Sale of goods* - when recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods.

*Other income* is recognised when the service has been performed and the right to receive the payment is established.

*Interest income* is reported on an accrual basis using the effective interest method.

*Rental income* is recognised in profit or loss on a straight-line basis over the lease term.

#### c) Income tax

Current tax assets and liabilities are measured at the amount expected to be or paid to the taxation authorities. The tax rates and tax law used to compute the amount are those that substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax, assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Rofina Group Limited has not formed a tax consolidated group.

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

#### **d) Business combinations – Acquisition i - acquisition of Rofina Marketing (M) Sdn Bhd by Rofina Holdings Sdn Bhd; and Acquisition ii - acquisition of Rofina Holdings Sdn Bhd by Rofina Group Limited**

Business combinations occur where an acquirer obtains control over one or more businesses. Business combinations are accounted for by applying the acquisition method. Business combinations are accounted for from the date that control is attained whereby the fair values of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (with limited exceptions). Transaction costs incurred in relation to business combinations are recognised in profit and loss.

On 2 January 2020, Rofina Holdings Sdn Bhd (Intermediate Parent) acquired 100% of the ordinary shares of Rofina Marketing (M) Sdn Bhd (Subsidiary, Rofina Marketing) via the issue of 13,000,000 ordinary shares of the Intermediate Parent to the shareholders of the Subsidiary – acquisition i.

On 22 January 2020, Rofina Group Limited (Parent, Rofina) acquired 100% of the ordinary shares of Rofina Holdings Pty Ltd via the issue of 143,000,068 ordinary shares of the Parent to the shareholders of the Intermediate Parent – acquisition (ii).

In these business combinations, (i) the Intermediate Parent became the owner of the Subsidiary, and (ii) the Parent became the legal owner of the Intermediate Parent. However, the former shareholders of the (i) Subsidiary/(ii) Intermediate Parent became the shareholders of the Parent, and are hence able to control the strategic decisions and therefore the operations of the combined entity. In accordance with AASB 3 Business combinations, these transactions are in substance 'reverse acquisitions', whereby the acquirer for accounting purposes is the legal subsidiary, and the legal parent becomes the accounting subsidiary.

In each of these reverse acquisitions no consideration was issued. Instead, equity shares were issued in the legal parent to the owners of the legal subsidiary. Accordingly, the acquisition-date fair value of the consideration transferred by the legal subsidiary (the accounting acquirer) for its interest in the legal parent (the accounting acquiree) is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in this way is used as the fair value of consideration transferred in exchange for the acquiree (the Parent).

Under reverse acquisition accounting, the consolidated statement of financial position, although issued under the name of Rofina represents a continuation of the statement of financial position of Rofina Marketing, except for its capital structure, which is adjusted to reflect the capital of Rofina. The consolidated statement of financial position therefore reflects:

- the assets and liabilities of Rofina Marketing (accounting acquirer) recognised and measured at their pre-combination carrying amounts;
- the assets and liabilities of Rofina (accounting acquiree) recognised and measured in accordance with AASB 3 Business Combinations;
- the retained earnings and other equity balances of Rofina Marketing (accounting acquirer) before the business combination; and
- the equity structure of Rofina Marketing (accounting acquirer) is restated to reflect that of Rofina, using the exchange ratio established in the acquisition agreement to reflect the number of shares of the Parent issued in the acquisition.

No cash consideration passed, and no fair value adjustments were required to be made as a result of these business combinations, and due to reverse acquisition accounting, the fair value of the assets acquired and liabilities assumed were equal to the fair value of the equity instruments issued and no goodwill arose. The acquisitions are summarised as follows.

*Acquisition i* - Fair value of net assets acquired; \$4,597,866; Fair value of shares issued; \$4,597,866

*Acquisition ii* - Fair value of net assets acquired; \$817,393; Fair value of shares issued; \$817,393.

Comparative information presented in the Consolidated Statement of Financial Position and in Consolidated Statement of Changes in Equity have been retroactively adjusted to reflect the legal capital of the Parent entity (acquiree).

#### **e) Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. Accordingly, management currently identified the Group as having only reportable segment, being the retail division operating principally in Malaysia, since the revenue of the Group is generated from customers domiciled in Malaysia.

#### **f) Cash and Cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

### g) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

*Financial Assets.* On initial recognition, the Group classifies its financial assets as; those measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing the relevant asset. All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on their classification.

Financial assets measured at amortised cost are those where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the amount outstanding. Financial assets measured at amortised cost comprise receivables and cash and cash equivalents. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. All changes in value, income and expenses, impairments, and gain/loss on derecognition are recognised in profit or loss.

*Impairment of financial assets.* Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost. Impairments are determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. When estimating ECL, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis based on historical experience and informed credit assessment including forward looking information. The Group uses the presumption that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions outside of its the normal collection activities.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received, using a probability weighted approach. The estimates produced from this are applied to the balances due to estimate the expected credit loss provision. The amount is recorded in a separate allowance account with the loss being recognised in finance expense. Once a financial asset is determined to be uncollectable then the gross carrying amount is written off against the associated allowance. Where the Group renegotiates terms, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

*Financial liabilities.* The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "interest paid". Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. The Group's financial liabilities include trade and other payables, borrowings and lease liabilities, which are measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid in accordance with agreed terms with suppliers – refer note 9.

*Derecognition.* Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### h) Inventories

Inventories comprise finished goods and are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

### i) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

The depreciable amount is the carrying value of the asset less estimated residual amounts. Assets are depreciated on a straight-line or diminishing value basis over their useful lives of: Buildings: 50 years; Plant and equipment: 3 – 10 years Furniture, fixtures and fittings: 3-10 years; Motor vehicles: 5 years and Computer Equipment: 3 years.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### j) Investment property

Investment property, being property held to earn rental and/or for capital appreciation, or both, are accounted for using the cost model. Investment property are depreciated on a straight-line basis over its useful life estimated to be 50 years.

#### k) Leases

##### *Prior period*

In the prior period, leases were accounted for as operating leases under AASB 117 Leases, and the policy was to recognise payments as an expense on a straight-line basis over the lease term.

##### *Current period, from 1 June 2019*

*Right-of-use assets.* At the commencement of a lease, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised. The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, fixed rental increases, estimated cost of removal and restoration less any lease incentives received. The right-of-use asset is depreciated over the shorter of the lease term and the estimated useful life of the underlying asset on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

*Lease liability.* The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### *Significant judgements with respect to the Group's leases as lessee:*

- Determining the lease term of contracts with renewal options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Under office premise leases, the Group is able to exercise the option to extend the term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. The Group has included reasonably certain renewal options as part of the lease term for three of its facility premises leases for a further five years.
- Determining incremental borrowing rate. The Group applies judgement to determine its incremental borrowing rate, which affects the amount of lease liabilities or right-of-use assets recognised. The Group reassesses and applies the incremental borrowing rate on a lease by lease basis at the lease commencement date based on the term or the remaining term at the initial application date.

#### l) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and the amounts can be estimated reliably.

#### m) Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Group's presentation currency. The Group's functional currency is in Malaysia Ringgit.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

### n) Goods and service tax (GST) and Sales Service Tax (SST)

Revenues, expenses and assets are recognised net of the amount of associated GST / SST, unless the GST / SST incurred is not recoverable from the local taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST / SST receivable or payable. The net amount of GST / SST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST / SST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the local taxation authority, are presented as operating cash flow.

### o) Change in Accounting Policy - Adoption of AASB 16: Leases

AASB 16: *Leases* replaced accounting for leases under AASB 117 and resulted in the recognition of a right-of-use asset and an associated lease liability in the consolidated statement of financial position in respect of each of the Group's property leases. Subsequently, an interest expense has been recognised in relation to the lease liabilities and depreciation has been charged for the right-of-use assets.

The new standard was adopted using the modified retrospective approach. The cumulative effect of this approach is recognised as an adjustment to equity on 1 June 2019, the Group has not restated any comparative information. The Group measured the right-of-use asset at the date of adoption as if the standard had been applied since the commencement date of each lease, but discounted using the incremental borrowing rate at the date of adoption. The practical expedients that have been adopted by the Group in its adoption of AASB 16, are to apply a single discount rate to the entire portfolio of leases and to exclude initial direct costs incurred on establishment of existing leases. All leases with lease terms less than 12 months have been excluded under the short-term leases exemption.

The Group recognised right of use assets of \$1,872,235 and lease liabilities of \$1,920,304 at 31 May 2020, for leases previously classified as operating leases.

## 2. Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

### a) Going concern

At 31 May 2020, the Group had consolidated cash and cash equivalents of \$11,252, net current liabilities of \$1,251,953 and the Group had total liabilities of \$10,874,325, of which \$5,251,054 were repayable within one year.

This gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial information. With the current availability of cash and liquid assets, the Directors consider the Group will be able to meet its obligations as and when they fall due based on the following assumptions, which the Directors consider reasonable;

- Rofina traded profitably for the 6 month financial period ended 30 November 2019 and financial year ended 31 May 2019;
- At 31 May 2020, the Boon Chin Soo had advanced \$152,361 to the Group on an unsecured, interest free basis and with no specific terms of repayment;
- The Group negotiated deferred payment of certain trade creditors until August 2021 at the earliest, and the Directors consider that the Group has the continuing support of its key suppliers in relation to this;
- The Group obtained rental reductions from 13 of its landlords and continues to negotiate reduction in rentals for its remaining retail stores on an ongoing basis;
- The Group obtained moratorium for loan repayments from its major bankers for a period of 6 months from April 2020 and has requested for an extension of the moratorium for a further period of 4 months to January 2021;
- The Group obtained wage subsidies for each of its 121 employees for the month of April 2020, 112 employees for the month of May and 102 employees for the month of June. Rofina has continued to apply for the wage subsidies for the months of July until September;
- The Group's operations are scalable and the option to reduce expenses should this be necessary. In this regard, the Group has decided to close 2 retail stores located at AEON Bandaraya Melaka and one at Utama Shopping Centre upon expiry of their respective tenancies in August 2020. The Group will closely monitor the performance of each retail store and if COVID-19 persists or if the economic situation deteriorates, the Group will close underperforming stores and take measures to consolidate certain stores located in the same capital state in Malaysia upon expiry of their respective tenancies. Store closures would also reduce staff costs significantly;

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

- Boon Chin Soo and Wei Yin Soo have jointly and severally agreed to provide a loan to the Group of up to at \$1,000,000 (interest free and unsecured) with the effect that the said directors will make funds available to the Group as required to enable the Group to meet the Group's obligations in the normal course of business until 31 May 2022. Each advance is to be treated as a separate loan and payable on the business date that is at the end of five years from the date of the advance or another date by mutual agreement of Boon Chin Soo, Wei Yin Soo and the Group. The said directors are in a position to make this undertaking;
- Upon listing, the Group raised \$1,250,000 after the payment of Listing expenses of approximately \$200,000, and Directors consider that additional capital will be available from shareholders and financiers as required.
- The Group has the ability to sell its investment properties to help to fund operations if required.

Accordingly, these financial statements have been prepared on a going concern basis. No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that maybe necessary should the Group not continue as a going concern.

#### **b) Assessment of potential impairment of inventories, property plant & equipment and investment property**

Reviews are made periodically by management on inventories to identify excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgments and estimation uncertainty in forming expectation about future sales and demands. Any changes in these accounting estimates will result in revisions to the inventory value.

Property, plant & equipment and investment property which is held at cost principally comprises buildings, store fixtures and fittings, computer equipment and motor vehicles. These are tested for impairment annually or when conditions dictate, the most recent assessment was in February 2020.

#### **c) Assessment of Impairment of receivables**

The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involved judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivable

#### **d) Assessment of timing of repayment of trade payables**

The significant deterioration in the Group's operating results and financial position has led directors to seek moratoriums for loan repayments from its major bankers and trade creditors as part of managing the Group's cash flow and ongoing liquidity in order to maintain ongoing liquidity in during the tough economic conditions.

The accounting effect of the moratoriums is that the due dates on trade payables of \$3,451,815 now fall after 12 months from the date of the financial report and have been classified as non-current liabilities on the consolidated balance sheet.

Whether the Group will be able to settle these on the revised due dates remains uncertain due. Any breaches on payment without approved waivers could result in these trade payables being called, which in turn would revert the classification back to current.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

	2020	2019
	\$	\$
<b>3. Revenue and other income</b>		
Revenue from contract with customers		
- Sale of goods	9,500,169	13,504,613
Other income	96,184	249,321
	<b>9,596,353</b>	<b>13,753,934</b>

## 4. Income and deferred taxes

The major components of tax expense (income) comprise:

### Current tax expense

Malaysian income tax - current period	12,363	-
Income tax expense	<b>12,363</b>	-

Reconciliation of income tax to accounting loss:

Profit/(Loss) before income tax	(2,292,906)	126,472
Tax (benefit) at statutory rate 27.5% (Australia)	(100,526)	-
Tax (benefit) at statutory rate 24.0% (Malaysia)	(462,566)	30,353
Current tax losses not recognised	563,092	-
Utilisation of carry forward tax losses	-	(30,353)
Tax under/(over) provided in prior year	12,363	-
Income tax expense	<b>12,363</b>	-

Rofina Marketing (M) Sdn Bhd has unrecognised available tax losses of \$462,566 and Parent company has unrecognised available tax losses of \$100,526 as at 31 May 2020. These tax losses have not been recognised as it is uncertain that future taxable profit will be available against which unused tax losses can be utilised.

## 5. Loss per share

### Basic and diluted loss per share

Basic loss per share	(0.044)	-
Diluted loss per share	(0.044)	-
Basic and diluted loss attributable to the ordinary shareholders of the Company	(2,215,254)	-
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	50,792,370	-

The parent entity was incorporated on 26 July 2019, therefore there are no comparative figures.

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

#### 6. Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	42,161	32,611
Other receivables and prepayments	1,115,901	1,529,420
	<b>1,158,062</b>	<b>1,562,031</b>

As at 31 May 2020, trade receivables of \$16,699 (2019: \$21,435) were past due but not impaired. Receivables past due comprised \$9,312 over 30 days (2019: \$11,953), and \$7,387 over 90 days (2019: \$9,482). Refer to note 12 to the financial statements for information on credit risk.

#### 7. Property plant & equipment

2020	Buildings	Plant and equipment	Furniture, fixtures and fittings	Motor vehicles	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
At Cost	2,496,195	541,478	1,222,297	61,879	205,420	4,527,269
Accumulated depreciation	(398,077)	(266,506)	(666,136)	(54,332)	(105,717)	(1,490,768)
	<b>2,098,118</b>	<b>274,972</b>	<b>556,161</b>	<b>7,547</b>	<b>99,703</b>	<b>3,036,501</b>
2019						
At Cost	2,564,471	474,345	1,241,413	85,423	210,723	4,576,375
Accumulated depreciation	(306,685)	(135,203)	(545,677)	(68,123)	(86,532)	(1,142,220)
	<b>2,257,786</b>	<b>339,142</b>	<b>695,736</b>	<b>17,300</b>	<b>124,191</b>	<b>3,434,155</b>

#### 8. Leases

	2020	2019
	\$	\$
<b>Right of use assets</b>		
At cost	3,224,510	-
Accumulated amortisation	(1,352,275)	-
Balance at the end of the year	<b>1,872,235</b>	-
<b>Lease liabilities</b>		
Future lease payments	2,015,387	-
Discounted at incremental borrowing rate	(95,083)	-
Balance at the end of the year	<b>1,920,304</b>	-
<i>Represented by:</i>		
CURRENT	1,080,785	-
NON-CURRENT	839,519	-
	<b>1,920,304</b>	-

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

	2020	2019
	\$	\$
<b>9. Trade and other payables</b>		
CURRENT		
Trade payables	21,884	4,119,196
Other payables and accruals	476,422	-
	<b>498,306</b>	<b>4,119,196</b>
NON-CURRENT		
Trade payables	2,364,332	-
Other payables and accruals	1,109,486	-
	<b>3,473,818</b>	<b>-</b>

### 10. Borrowings

CURRENT		
Bank borrowings and term loans	2,535,106	1,566,895
Bank overdrafts	984,495	750,428
Directors' loans	152,362	-
	<b>3,671,963</b>	<b>2,317,323</b>
NON-CURRENT		
Bank borrowings and term loans	1,309,934	2,062,114
	<b>1,309,934</b>	<b>2,062,114</b>
<i>Analysis of bank borrowings and term loans:</i>		
Secured	3,683,777	3,629,009
Unsecured	161,263	-
	<b>3,845,040</b>	<b>3,629,009</b>

Bank borrowings and term loans are secured against certain property, plant and equipment and investment properties. The effective interest rates of loans and borrowings as at 31 May 2020 ranged from 2% - 18% (2019: 4% - 17%) per annum. All bank borrowings and term loans are within 5 years.

Bank overdrafts are secured and generally short-term in nature or repayable on demand and their carrying amounts approximate to the remaining contractual undiscounted cash flows.

### 11. Investment properties

At cost	855,015	878,402
Accumulated depreciation	(100,489)	(82,590)
	<b>754,526</b>	<b>795,812</b>

The investment properties have been pledged as security for credit facilities granted to the Group. The Group leases its residential unit and commercial shoplot to third parties for 2 years. The undiscounted lease payments to be received within 1 year is approximately \$39,355.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

### 12. Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Group is exposed to are liquidity, credit and foreign currency risks. The Group's financial instruments consist of cash at bank, receivables, payables, advances, and loans. The carrying amounts for each are as shown in the statement of financial position.

The Board of Directors has responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering areas such as foreign exchange risk, interest rate risk, liquidity risk and credit risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements. The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place. Mitigation strategies for specific risks faced are described below:

#### Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group is exposed to liquidity risk through its use of financial instruments. The principal categories of financial instruments used by the Group are cash, receivables, trade and other payables, loans and hire purchase liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Due in 1 year	Due in 1 to 5 years	Total
	\$	\$	\$
Trade and other payables (i)	498,306	3,473,818	3,972,124
Directors loans	152,362	-	152,362
Bank facilities, terms loans and overdrafts	3,519,601	1,309,934	4,829,535
Lease liabilities	1,080,785	839,519	1,920,304
Total	5,251,054	5,623,271	10,874,325

(i) Trade and other payables of \$498,306 are in accordance with trading terms agreed with suppliers. They include agreed extended trading terms from the major creditors, which are not related parties.

The repayment of the extended trading term is that no repayments are made for a year from 30 November 2019, and that after that date instalments shown will be payable each month, together with payment for other purchases made after the agreement of the above terms on a normal trading basis. The agreed terms include that there is no interest on the deferred payments.

#### Foreign currency risk

The movement of exchange rates may have a favourable or unfavourable impact on returns as the Group holds a majority of non-Australian dollar denominated investments and cash. Most finished goods for the Group's business are effectively purchased in USD and the Euro while sales are generated mainly in MYR. Any such fluctuations in the value of USD and the Euro against MYR could affect the margins and profitability of the Group. The foreign currency exposure of the Group is monitored by the designated employee of the Group on a daily basis and reported on to the management.

#### Interest rate risk

The financial instruments utilised that are subject to interest, and therefore interest rate risk, are cash and commercial bills. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the term for fixing interest rates.

A reasonably possible increase or decrease in the interest rate of 100 basis points would result in an increase or decrease of profit of \$57,000.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

### 12. Financial Risk Management (continued)

#### Fair value of recognised assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes places either: - in the principal market for the asset or liability; or - in the absence of a principal market, in the most advantageous market for the asset or liability.

All financial instruments for which fair value is recognised or disclosed are categorised with the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: *Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.*

Level 2: *Valuation techniques in which the lowest level input that is significant to fair value measurement is directly or indirectly observable.*

Level 3: *Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.*

All assets and liabilities measured at fair value are categorised as level 2.

	2020	2019
	\$	\$
<b>13. Issued Capital</b>		
143,000,068 (2019: 143,000,068) Ordinary shares	817,393	817,393
	<b>817,393</b>	<b>817,393</b>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of tax. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group may look to raise capital when an opportunity to invest in a business is seen as value adding.

### 14. Related Parties

The Group's main related parties are key management personnel including close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

#### a) Payable to or receivable from related parties at year-end

Directors loans (payable by the Group)	152,362	-
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#### b) Transaction occurring during the year:

Key management personnel remuneration	294,152	245,251
Rent paid to Yi Yun Soo, a director of the Company by Rofina Marketing	9,046	4,560
Rent paid to Cosas United Marketing (M) Sdn Bhd, a company in which Boon Chin Soo and Yeng Fong Wong are directors	5,670	8,688

A Tenancy Agreement and Letter of Renewal of Tenancy Agreement between Yi Yun Soo and Rofina Marketing dated 10 October 2017 and 28 May 2020 respectively for the rental of its employees' residences in Penang, Malaysia for a term of 3 years commencing on 1 July 2017 for a monthly rental of \$623 was further extended for another 2 years commencing on 1 July 2020 to 30 June 2022 for a reduced monthly rental of \$519.

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors Declaration

For the year ended 31 May 2020

#### 15. Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in this financial report. All the groups subsidiaries which are consolidated, being; Rofina Marketing (M) Sdn Bhd, Rofina Global Sdn Bhd, and Rofina Holdings Sdn Bhd are 100% owned and incorporated / operate in Malaysia.

2020	2019
\$	\$

#### 16. Auditor's Remuneration

The following remuneration was received or is receivable by the auditor of the Group, LNP Audit and Assurance Pty Ltd, in respect of:

Audit and half year review of the financial statements of the Group	50,500	32,500
Assurance services related to listing of the Group on the NSX	30,349	-
	<b>80,849</b>	<b>32,500</b>

#### 17. Contingencies and commitments

As at 31 May 2020 the Group did not have any contingencies (2019: None).

Commitments for minimum lease payments in relation to operating leases contracted for the reporting date but not recognised as liabilities, payable:

Within one year	-	1,146,830
One to five years	-	868,557
	-	<b>2,015,387</b>

There are no operating lease commitments at 31 May 2020 due to the adoption of AASB 16, which caused operating lease to be capitalised in the balance sheet.

#### 18. Events after balance sheet date

On 1 July 2020 the Group lodged a prospectus with the National Stock Exchange of Australia (NSX) and on that date the Group raised \$1,450,000, the proceeds of which have been applied to meet certain liabilities and to improve the working capital position of the group.

The Group was listed on the NSX on 31 August 2020.

Due to the current situation in relation to COVID-19, the business and economic environment is extremely uncertain with governments taking increasingly stringent steps to contain or delay the spread of COVID-19. Due to these circumstances, there is a significant increase in business and economic uncertainty, which is, for example, evidenced by more volatile markets, and uncertainty in asset values. COVID-19 has had significant impacts on local and global economies and has affected the Group. Group has taken actions to mitigate the uncertainties and risks and will continue to do so as required.

While the financial condition of the Company gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial information with the current availability of cash and liquid assets, the Directors consider the Group will be able to meet its obligations as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

Other than as stated above, no events significant to the information, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors Declaration

For the year ended 31 May 2020

### 19. Parent entity information

	2020
	\$
Current assets	857,945
Non-current assets	-
<b>TOTAL ASSETS</b>	<b>857,945</b>
Current liabilities	357,108
Non-current liabilities	-
<b>TOTAL LIABILITIES</b>	<b>357,108</b>
Issued shares	817,393
Accumulated loss	(316,556)
<b>TOTAL EQUITY</b>	<b>500,837</b>
Loss for the year	(316,556)
Other comprehensive income	-
<b>Total comprehensive loss for the year</b>	<b>(316,556)</b>

The parent entity was incorporated on 26 July 2019, therefore there are no comparative figures.

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors' Declaration

31 May 2020

The directors of the Company declare that:

1. The financial statements and notes for the year ended 31 May 2020 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australia Accounting Standard, which, as stated in note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 31 May 2020 and of the performance for the year ended on that date of the consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. the directors have been given the declarations required by s295A of the *Corporations Act 2001*.
4. the remuneration disclosures contained in the Remuneration Report comply with s300A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



Boon Chin Soo, Chairman

Malaysia

Dated this 22<sup>nd</sup> day of September 2020

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROFINA GLOBAL LIMITED AND ITS CONTROLLED ENTITIES

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### *Opinion*

We have audited the financial report of Rofina Global Limited, and controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 May 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

In our opinion the accompanying financial report of Rofina Global Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Group's consolidated financial position as at 31 May 2020 and of its consolidated financial performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material Uncertainty Relating to Going Concern*

Without modification to our opinion expressed above attention is drawn to Note 2(a) of the financial report, which sets out the basis on which the directors believe that the Group will be able to continue as a going concern. The Group incurred a loss after tax in the year from continuing operations of \$2,215,254 (2019 profit: \$36,968), has net current liabilities of \$1,251,953 (2019: \$1,960,198) and negative cash flows from operating activities for the year of \$677,606 (2019: \$2,588,034 cash outflow).

These conditions along with other matters set out in Note 2(a) indicate that a material uncertainty exists that may cast significant doubt in relation to the Group's ability to continue as a going concern.

No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

# INDEPENDENT AUDIT REPORT (CONTINUED)

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
<p><b>Accounting for reverse acquisitions</b></p> <p>In preparation for the Company's listing on the National Stock Exchange in Australia, the Group was restructured on 22 January 2020. The steps to restructure the Group had the effect of the Company becoming the Parent (legal acquirer) of Rofina Marketing (M) Sdn Bhd (accounting acquirer), which was previously the ultimate parent of the Group. For the consolidated financial statements of the Group for the year ended 31 May 2020, this has been accounted for as a reverse acquisition - refer note 1(d).</p> <p>The accounting for the Company's transactions to acquire the Malaysian entities is a key audit matter due to the complexity of the transactions.</p> <p>Additionally, management applied judgement to conclude that the basis of preparation of the financial statements, including comparative information, should be analogised to that of a 'reverse acquisition'.</p> <p>In applying the principles of reverse acquisition accounting in accordance with AASB 3 Business Combination, the consolidated financial statements of the Group have been presented as a continuation of the Rofina Marketing (M) Sdn Bhd and the Group is presented as if Rofina Group Limited had always owned the Group, and accordingly the comparatives represent those of the Group previously owned by Rofina Marketing (M) Sdn Bhd.</p> <p>The consolidated equity of the Group reflects the statutory share capital of the Company as if it had always existed, adjusted for movements in the underlying Rofina Marketing share capital and reserves until the share for share exchange.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the transactions including an assessment of the accounting acquirer and legal acquirer.</li> <li>• Considering whether any fair values or adjustments to fair values have been dealt with in accordance with generally accepted accounting principles.</li> <li>• Reviewing the appropriateness of the acquisition journals at acquisition date and checking that the disclosures in the financial statements are in accordance with the basis of preparation as disclosed in note 1(d) for the reverse acquisition.</li> <li>• Assessing management's proposed accounting treatment in accordance with applicable accounting standards;</li> <li>• Reading understanding and interpreting the sale and purchase agreements. We assessed the Company's conclusions against the requirements of the relevant accounting standards, including interpretation guidance and authoritative support.</li> <li>• These conclusions included: <ul style="list-style-type: none"> <li>(i) the use of reverse acquisition accounting as the basis of preparation of the financial statements, and</li> <li>(ii) the accounting treatment of the specific costs incurred as part of the reverse listing transaction.</li> </ul> </li> <li>• We performed audit procedures over the opening balances of the entities acquired by Rofina Group Limited upon restructure of the Group which form the basis of the comparatives in the consolidated financial statements, presented as a continuation of the business of the accounting acquirer.</li> </ul>

## INDEPENDENT AUDIT REPORT (CONTINUED)

Key Audit Matter	How our audit addressed the matter
<p><b>Inventory valuation</b></p> <p>Inventory management is a key business process for the Group and inventory is a significant asset on the consolidated balance sheet. As at 31 May 2020, the Group held \$2,698,746 in inventories representing 28% of total assets.</p> <p>The inventory is held within stores or in transit to those locations or with third parties on consignment.</p> <p>Inventory is valued at the lower of cost and net realisable value as described in Note 1(h) of the financial report. This is determined net of an impairment allowance, which is applied where the Group believes there is risk that the costs incurred in buying and preparing inventory for sale will not be realised through sale. This allowance is made by the Group throughout the period based on identified slow moving damaged or otherwise impaired inventory.</p> <p>We consider this a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>financial significance of the inventory balance in the consolidated balance sheet.</li> <li>judgement required by the Group to determine and allocate costs to be included in the value of inventory (i.e. capitalised).</li> <li>judgement required to estimate future selling prices to determine the net realisable value of inventory on hand at balance date.</li> </ul>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>Assessing the application of inventory costing methodologies, and whether this was consistent with Australian Accounting Standards.</li> <li>Assessing the basis by which the Group ensures inventory was recorded at the lower of cost and net realisable value, including the rationale for recording specific adjustments to value inventory below cost. In doing so, we examined sales margins achieved, the process for identifying specific slow-moving inventories, historical inventory turnover and expected future sales.</li> <li>Examining the type of supply chain costs capitalised in the cost of inventory.</li> <li>Re-performing a sample of the system generated calculation of the first in first out basis of the individual inventory item.</li> <li>Re-performing a sample of inventory counts at selected locations that included attendance at selected stores.</li> <li>Obtaining confirmations from a sample of third parties regarding the existence and quantities of inventory held at third party locations.</li> <li>Inspecting the sales price of a sample of inventory items sold after balance date to determine whether items sold below cost were included in the Group's inventory impairment allowance.</li> <li>Examined the methodology used to calculate the inventory impairment allowance to assess whether it was consistent with the Group's policy.</li> <li>Evaluated the inventory impairment allowance by considering the individual items, gross margins, and inventory turnover and ageing.</li> </ul>
<p><b>Timing of payment of borrowings and trade payables</b></p> <p>The appropriateness of the classification borrowings and trade and other payables between current and non-current categories on the consolidated statement of financial position is required by the accounting standards.</p> <p>The deterioration in the Group's operating results and financial position has led directors to seek moratoriums for loan repayments from its major bankers and trade creditors as part of managing the Group's cash flow and ongoing liquidity in order to maintain ongoing liquidity in during the tough economic conditions.</p> <p>Any breaches of the approved waivers could result in trade payables being called, which in turn would revert the classification back to current in the consolidated statement of financial position.</p> <p>The accounting effect of the moratoriums is that the due dates on trade payables of \$2,364,332 now fall after 12 months from the date of the financial report and have been classified as non-current.</p> <p>Bank borrowings and term loans totalling \$1,309,934 have been classified as non-current.</p>	<p>Our audit procedures included amongst others;</p> <ul style="list-style-type: none"> <li>Examining, in detail, the payment variation agreements made with bankers and creditors to determine whether they are binding on both parties.</li> <li>Recalculating the current and non-current split to align with revised payment dates.</li> <li>Assessing the appropriateness of the relevant disclosures made in the financial statements in compliance with accounting standards.</li> </ul>

## INDEPENDENT AUDIT REPORT (CONTINUED)

Key Audit Matter	How our audit addressed the matter
<p><b>Carrying value of property, plant and equipment and investment properties</b></p> <p>As at 31 May 2020, the group had property, plant and equipment which included owner-occupied buildings amounting to \$2,098,118 and investment properties amounting to \$754,526. The significance size of these balances in the statement of financial position results in them being identified as a key audit matter.</p> <p>Land and buildings are stated at their fair value based on periodic valuations by directors of the group subsequent to valuation carried out by external valuers, less subsequent depreciation for buildings.</p> <p>The fair value of land and buildings is arrived by using the market value approach. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value as determined annually by the directors using external valuers which is based on the "forced sale" basis.</p> <p>As at 31 May 2020, there is valuation uncertainty arising from the COVID-19 pandemic and the response of Governments to it. This means that the property value may change significantly and unexpectedly over a relative short period of time.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>Ensuring the estimated remaining useful lives and residual values of land and buildings is reasonable, by comparing the directors' estimates to the useful lives of assets with similar characteristics.</li> <li>Reviewing the Group's depreciation policy for land and building and verified the inputs to the calculation.</li> <li>Obtaining the external valuation reports and reviewed the results of their work. We challenged the valuation process, performance of the portfolio, significant judgments and assumptions applied to the valuation model, including yields, occupancy rates, capitalisation rates and lease incentives.</li> <li>Benchmarking and challenging the key assumptions to external industry data and comparable property valuation.</li> </ul>
<p><b>Adoption of AASB 16 Leases</b></p> <p>AASB 16 Leases replaced accounting for leases under AASB 117 and resulted in the recognition of right of use assets of \$1,872,235 and lease liabilities of \$1,920,304 at 31 May 2020, for leases previously classified as operating leases.</p> <p>The new standard was adopted using the modified retrospective approach. The cumulative effect of this approach is recognised as an adjustment to equity on 1 June 2019, the Group has not restated any comparative information. The Group measured the right-of-use asset at the date of adoption as if the standard had been applied since the commencement date of each lease, but discounted using the incremental borrowing rate at the date of adoption.</p> <p>The practical expedients that have been adopted by the Group in its adoption of AASB 16, are to apply a single discount rate to the entire portfolio of leases and to exclude initial direct costs incurred on establishment of existing leases. All leases with lease terms less than 12 months have been excluded under the short-term leases exemption. Upon adoption, the Group has been required to make a number of judgments and estimates, including:</p> <ul style="list-style-type: none"> <li>Determining the lease term including whether renewal options should be incorporated into the determination of lease term;</li> <li>Determining the 'enforceable period' for stores in holdover (leases that operate on a month to month basis whilst renegotiations are pending), with reference to IFRS Interpretations Committee guidance;</li> </ul> <p>Determining an appropriate incremental borrowing rate to be applied in the calculation of right of use assets and leases liabilities</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Understanding the Group's processes and controls related to the adoption of the relevant accounting standard.</li> <li>Assessing the completeness of leases included in the determination of right of use asset and lease liability.</li> <li>Evaluating the estimates and judgements applied by management in determining key assumptions, including the probability of exercising options and the term assigned to stores in holdover.</li> <li>Assessing the incremental borrowing rates used by management.</li> <li>Assessing the mathematical accuracy of management's calculations by recalculating the expected lease liability and right of use asset.</li> <li>Assessing the appropriateness of the disclosures included in the consolidated financial statements.</li> </ul>

## INDEPENDENT AUDIT REPORT (CONTINUED)

*Other information*

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 May 2020, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Directors' Responsibilities*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## INDEPENDENT AUDIT REPORT (CONTINUED)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 15 to 17 of the Directors' Report for the year ended 31 May 2020.

In our opinion, the Remuneration Report of Rofina Group Limited for the year ended 31 May 2020, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Sydney, 22 September 2020

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Additional Information for Listed Public Companies

31 May 2020

#### NSX Additional Information

Additional information required by the NSX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 August 2020.

#### Substantial shareholders

The number of shares held either directly or indirectly by substantial shareholders listed in the holding company's register on 31 August 2020 was:

Shareholders	%
Boon Chin Soo	23.13
Wei Yin Soo	9.25
Yeng Fong Wong	9.25

#### Voting rights - Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder. There no other classes of equity securities.

#### Distribution of holders of quoted ordinary share as at 31 August 2020

Size of holding (Range)	Holders	Units	Percentage
1,000 - 10,000	30	173,000	0.11%
10,001 - 100,000	22	1,120,066	0.71%
100,001 - 500,000	22	5,191,666	3.30%
500,001 – 1,000,000	35	85,455,433	54.26%
1,000,001 and over	3	65,559,903	41.63%
	<b>112</b>	<b>157,500,068</b>	<b>100%</b>

#### Twenty Largest Shareholders as at 31 August 2020

	Ordinary shares	
	Number held	% of Issued shares
Boon Chin Soo	36,422,168	23.13%
Wei Yin Soo	14,568,868	9.25%
Yeng Fong Wong	14,568,867	9.25%
Seng Chiew Lim	7,500,000	4.76%
Yi Yun Soo	7,284,433	4.63%
Choon Heng Ong	7,000,000	4.44%
Sin Khoo Tan	7,000,000	4.44%
Chun Wah Lee	7,000,000	4.44%
Bee Leh Tan	5,360,000	3.40%
Siew Jiun Khor	3,640,000	2.31%
Hui Oon Yeoh	3,297,000	2.09%
Soon Peng Lim	2,400,000	1.52%
Kah Wei Lee	2,300,000	1.46%
Boon Leng Wooi	2,116,000	1.34%
Wai Fong Foong	2,027,000	1.29%
See Tee Ooi	2,000,000	1.27%
Lian Qiang Zheng	2,000,000	1.27%
Huck Leng Lim	1,645,000	1.04%
Say Chai Chua	1,645,000	1.04%
Say Hand Chua	1,645,000	1.04%
<b>Total top twenty shareholders</b>	<b>131,419,336</b>	<b>83.41%</b>
<b>Total Shares on issue</b>	<b>157,500,068</b>	<b>100.00%</b>

#### Securities exchange

The Group is listed on the National Stock Exchange of Australia.