

# ROFINA GROUP LIMITED

(ACN 635 120 517)

UNIT 1958, LEVEL 19, 1 O'CONNELL STREET, SYDNEY, NSW 2000, AUSTRALIA.

---

18 of August 2020

National Stock Exchange of Australia Limited  
1 Bligh Street  
Sydney NSW 2000

Attention: Mr. John Williams, Head of Admissions

By email: [john.williams@nsx.com.au](mailto:john.williams@nsx.com.au)

## PRE-QUOTATION DISCLOSURE

We refer to your letter dated 5 August 2020 in relation to the conditional approval for the admission of Rofina Group Limited ACN 635 120 517 (**Rofina** or **Company**) to the Official List of the NSX and provide the following as pre-quotation disclosure.

The terms defined in the Company's prospectus dated 17 July 2020 (**Prospectus**) have, when used in this letter, the same meaning given to them in the Prospectus, unless stated otherwise.

### 1. Status of its business activities in Malaysia and Australia, including any impacts resulting from the COVID-19 pandemic to the date of admission

With the announcement of the Recovery Movement Control Order (RMCO) which is in effect in Malaysia from 10 June 2020 to 31 August 2020, business activities are slowly picking up pace despite social distancing still being a must in public places.

The main challenges faced by the Group, as highlighted in the Prospectus is cashflow for salary and rental payments due to low customer flow.

Although all outlets are operational in Malaysia as the RMCO is implemented, the net sales for June 2020 compared to June 2019 decreased 89% and net sales for July 2020 compared to July 2019 decrease 81%. However, the net sales for June 2020 increased by 72% compared to May 2020, whereas net sales for July 2020 increased by 77% compared to June 2020.

As stated in the Prospectus, the Group's wholesale business is to a speciality luggage store in Melbourne which is a stand-alone merchandise store selling luggage and travel-related products. The Group's wholesale business to this speciality luggage store managed to secure approximately \$25,000 in sales based on the unaudited management accounts for financial year ended 31 May 2020. These sales were secured between the months of October to December of 2019. The Company is working closely with our business partner, however due to the COVID-19 pandemic and the lock downs implemented, the Group has not been able to secure further sales to Australia since then.

As highlighted in the Prospectus, the Group has implemented cost reduction measures and is closely monitoring its sales and financial performance and is attempting to mitigate the circumstances by actively promoting online sales and other digital marketing strategies; and aggressively promoting its other available products.

In addition to the on-going salary reduction of the directors as highlighted in the Prospectus, with regards to cost reduction measures being implemented, the Group:

- (i) is still in negotiation with certain trade creditors for deferred payment terms;
- (ii) is still in negotiation with certain landlords for rental reductions. As a result of negotiations with certain landlords, as at the date of this letter the Group has managed to receive rental rebates totalling to approximately \$200,000. In comparison to the rental expenses for the month of February 2020, the Group estimates a reduction in rental expenses of approximately 45% in August 2020, approximately 42% in September 2020 and approximately 40% in October 2020. Negotiations with each landlord takes approximately

# ROFINA GROUP LIMITED

(ACN 635 120 517)

UNIT 1958, LEVEL 19, 1 O'CONNELL STREET, SYDNEY, NSW 2000, AUSTRALIA.

---

- 1 to 3 months to reach a compromise and certain landlords take into consideration the sales of the Group for the particular month prior to agreeing to any possible reductions;
- (iii) is still in negotiation with its major bankers for an extension of the moratorium for loan repayments from October 2020 to January 2021; and
  - (iv) has applied for the wage subsidy from the Malaysian Government for the month of July 2020. This government incentive will last until September 2020. This wage subsidy incentive has subsidised approximately 41% of the total wage bill of the Group for the month of April 2020, approximately 38% of the total wage bill of the Group for the month of May 2020 and approximately 32% of the total wage bill of the Group for the month of June 2020.

Apart from the 2 identified retail stores which the Group has decided to close upon expiry of their respective tenancies in August 2020, the Group has an additional 9 retail stores in Malaysia, the tenancies of which are expiring in the months of September 2020 to January 2021. The Group will closely monitor the performance of each of these retail stores and will decide whether to extend the respective tenancies or close the underperforming stores nearer to the expiry of their respective tenancies.

In efforts to promote online sales, other digital marketing strategies and the Group's other available products, the Group is:

- (i) aggressively promoting its E-Commerce Platform Sales and conducting various online sales campaigns. Examples of such sales campaigns include the recent "7.7 Cyber Sale Campaign" and "8.8 Cyber Sale Campaign" undertaken by the Group;
- (ii) expanding its digital marketing strategies via Facebook Live and Instagram's Stories; and
- (iii) actively promoting bags, handbag, casual bags and backpacks for casual use and also smaller luggage for local travel. In this regard, the Group has recently launched its new range of *COSAS UNITED* casual bags targeting young adults between the age of 18 to 35.

In the event that all measures and efforts undertaken by the Group are insufficient, as highlighted in the Prospectus, the Group will dispose of investment properties held by the Group to increase the Group's cashflow (the investment properties are carried at \$806,491 as at 30 November 2019) and use the \$1 million directors undertaking as detailed in section 7.9 of the Prospectus.

## **2. The role and reporting line of the Executive Vice Chairman – Yeng Fong Wong**

Yeng Fong Wong's role is to oversee the finance and accounting divisions to ensure that the Group's financial reports are accurate and completed in a timely manner. Although she is not a member of the board of directors of the Company, she reports directly to the Chairman and CEO.

## **3. The status of the Director loans and access to further loans described in the Prospectus and the anticipated timing of their repayment and completion**

Further to the disclosure in the Prospectus regarding the Director loans and access to further loans described in the Prospectus (as set out in section 4.3) the current status is as follows:

- (i) As at 31 July 2020, Boon Chin Soo's advance to the Group remains at \$343,819. This advance is on an unsecured, interest free basis and with no specific terms of repayment.
- (ii) Boon Chin Soo and Wei Yin Soo have jointly and severally agreed to provide a loan to the Group capped at \$1,000,000 (interest free and unsecured) with the effect that the said directors will make sufficient funds available to the Group up to the cap as required to enable the Group to meet the Group's obligations in the normal course of business for a period of 12 months from the date Rofina Group Limited is admitted to the list of the NSX or 31 May 2022, whichever is later. 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 Director's Undertaking as set out in section 7.9 of the Prospectus is available and has yet to be utilised by the Group.

## **4. Financial reports for the 12-month period to 31 May 2020**

The financial reports for the year ended 31 May 2020 are currently being audited by the Group's Malaysian auditors. Upon finalisation, the Group's Australian auditors will commence the audit thereof in Australia. The Company expects to lodge its financial report for the year ended 31 May 2020 within the required timeframe.

The profit and loss, statement of financial position and cash flow statement for Rofina Marketing Sdn Bhd as at 31 May 2020 based on the management accounts of Rofina Marketing Sdn Bhd which is in the midst of being audited and has not been reviewed by the Group's Australian auditors are as follows:

Unaudited Consolidated  
Management Accounts  
Profit or Loss Statement  
as at 31 May 2020  
\$ AUD

Revenue	
Revenue	9,427,251.00
Other Income	132,855.00
Cost of Goods sold	(3,756,829.00)
Expense	
General and administration expenses	(4,331,097.00)
Depreciation and amortisation	(488,681.00)
Employee benefit expenses	(2,342,315.00)
Advertising	(214,113.00)
Finance costs	(338,273.00)
Professional fees	(216,030.00)
Profit/(loss) before income tax	(2,127,232.00)
Income tax	-
Profit/(loss) after income tax	(2,127,232.00)
Other comprehensive income	
Total other comprehensive income	-
Total comprehensive income/(loss)	(2,127,232.00)
for the year	

Unaudited Consolidated  
Management Accounts  
Statement of Financial  
Position  
as at 31 May 2020  
\$ AUD

<b>Asset</b>	
<b>Current assets</b>	
Cash and cash equivalents	7,930.00
Trade and other receivables	1,258,270.00
Inventory	<u>2,698,902.00</u>
<b>Total current assets</b>	<u><b>3,965,102.00</b></u>
<b>Non-current assets</b>	
Property plant and equipment	5,409,205.00
Investment property	<u>773,699.00</u>
<b>Total non-current assets</b>	<u><b>6,182,904.00</b></u>
<b>Total assets</b>	<u><b>10,148,006.00</b></u>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Trade and other payables	2,399,814.00
Financial liabilities	<u>2,332,890.00</u>
<b>Total current liabilities</b>	<u><b>4,732,704.00</b></u>
<b>Non-current liabilities</b>	
Trade and other payables	4,363,987.00
Financial liabilities	<u>2,403,562.00</u>
<b>Total non-current liabilities</b>	<u><b>6,767,549.00</b></u>
<b>Total liabilities</b>	<u><b>11,500,253.00</b></u>
<b>Net (liabilities)</b>	<u><b>(1,352,247.00)</b></u>
Issued capital	4,597,864.00
Accumulated losses	<u>(5,950,111.00)</u>
<b>Net Equity (Deficiency)</b>	<u><b>(1,352,247.00)</b></u>

Unaudited Consolidated  
Management Accounts  
Cash Flow Statement  
as at 31 May 2020  
\$ AUD

<b>Cash flows from operating activities</b>	
Profit/(Loss) before tax	(2,127,232.00)
Adjustments for:-	
Depreciation of investment properties	20,607.69
Depreciation of property, plant and equipment	337,094.09
Gain on disposal of property, plant and equipment	-
Impairment losses on financial assets	-
Interest expense (Finance costs)	338,273.00
Interest income	4.17
Loss on derecognition of financial assets measured at amortised cost	-
<b>Operating profit/(loss) before working capital changes</b>	<b>(1,431,253.05)</b>
Changes in:-	
Inventories	2,096.45
Receivables	729,520.58
Prepayments	(299,852.55)
Payables	167,698.72
Cash (absorbed by)/generated from operations	(831,789.85)
Tax paid	40,217.98
<b>Net cash (used in)/from operating activities</b>	<b>(791,571.87)</b>
<b>Cash flows from investing activities</b>	
Interest received	4.17
Proceeds from disposal of property, plant and equipment	-
Purchase of property, plant and equipment	-
<b>Net cash from/(used in) investing activities</b>	<b>4.17</b>
<b>Cash flows from financing activities</b>	
Increase/(Decrease) in short-term bank borrowings	(28,064.30)
Interest paid	(338,273.00)
Issue of shares	515,729.76
Repayment of hire purchase obligations	(5,225.43)
Repayment of term loans	(285,685.30)
Term loans raised	538,800.07
<b>Net cash from financing activities</b>	<b>397,281.79</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(394,285.92)</b>
Cash and cash equivalents brought forward	(710,307.03)
Cash and cash equivalents carried forward	(1,104,592.95)

For and on behalf of  
**ROFINA GROUP LIMITED**



**BOON CHIN SOO**  
Chairman