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Ritamix Global Limited
利特米有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1936)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Ritamix Global Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with the relevant comparative figures for the year ended 31 December 2019 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2020

	<i>Notes</i>	2020 RM'000	2019 <i>RM'000</i>
Revenue	5	115,882	126,053
Cost of goods sold		<u>(89,759)</u>	<u>(96,791)</u>
Gross profit		26,123	29,262
Other income	6	2,756	1,542
Selling and distribution costs		(2,283)	(2,125)
Administrative and other operating expenses		(9,808)	(7,433)
Finance costs	7	(50)	(146)
Reversal of (Provision for) loss allowance of trade receivables		133	(287)
Listing expenses		<u>(4,291)</u>	<u>(1,928)</u>
Profit before tax	7	12,580	18,885
Income tax expenses	8	<u>(4,129)</u>	<u>(5,167)</u>
Profit for the year		8,451	13,718
Other comprehensive loss			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		<u>(3,723)</u>	<u>—</u>
Total comprehensive income for the year		<u>4,728</u>	<u>13,718</u>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	10	<u>1.86 sen</u>	<u>3.66 sen</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Non-current assets			
Property, plant and equipment		<u>14,725</u>	<u>14,168</u>
Current assets			
Inventories		34,912	31,611
Trade and other receivables	11	29,467	38,528
Other investments	12	53,074	3,325
Restricted bank balances		1,670	1,670
Bank balances and cash		<u>15,171</u>	<u>6,482</u>
		<u>134,294</u>	<u>81,616</u>
Current liabilities			
Trade and other payables	13	7,096	8,979
Interest-bearing borrowings		—	1,509
Lease liabilities		61	17
Income tax payables		<u>513</u>	<u>404</u>
		<u>7,670</u>	<u>10,909</u>
Net current assets		<u>126,624</u>	<u>70,707</u>
Total assets less current liabilities		<u>141,349</u>	<u>84,875</u>
Non-current liabilities			
Lease liabilities		—	14
Deferred tax liabilities		<u>636</u>	<u>626</u>
		<u>636</u>	<u>640</u>
NET ASSETS		<u>140,713</u>	<u>84,235</u>
Capital and reserves			
Share capital	14	2,769	—*
Reserves		<u>137,944</u>	<u>84,235</u>
TOTAL EQUITY		<u>140,713</u>	<u>84,235</u>

* Represents amount less than RM1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 October 2018. The Company's shares were listed (the "**Listing**") on the Main Board of the Stock Exchange on 13 May 2020 (the "**Listing Date**"). The Company's immediate and ultimate holding company is Garry-Worth Investment Limited, which was incorporated in the British Virgin Islands (the "**BVI**"). The ultimate controlling parties of the Group are Dato' Sri Lee Haw Yih, Datin Sri Yaw Sook Kean, Mr. Lee Haw Shyang and Mr. Lee Haw Hann (collectively referred to as the "**Ultimate Controlling Parties**"). The registered office of the Company is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business in Hong Kong is situated at 31st Floor, 148 Electric Road, North Point, Hong Kong and the Group's headquarters is situated at No. 7, Jalan TP 7, UEP Industrial Park, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is investment holding. The Group is based in Malaysia and principally engages in (i) distribution of animal feed additives and, to a lesser extent, human food ingredients; and (ii) manufacturing of animal feed additives premixes.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis, except for other investments in unlisted investments classified at fair value through profit or loss which are measured at fair value. The consolidated financial statements are presented in Malaysian Ringgit ("**RM**") and all amounts have been rounded to the nearest thousand ("**RM'000**"), unless otherwise indicated.

Except for the new/revised IFRSs as describe below, the Group has consistently applied all IFRSs which are effective for the Group's financial year beginning on 1 January 2019 for the consolidated financial statements.

Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IASs 1 and 8	Definition of Material
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform — Phase 1
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions

The adoption of the new/revised IFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

3. FUTURE CHANGES IN IFRSs

At the date of approving the consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current financial year, which the Group has not early adopted:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform — Phase 2 ⁽¹⁾
Amendments to IAS 16	Proceeds before Intended Use ⁽²⁾
Amendments to IAS 37	Cost of Fulfilling a Contract ⁽²⁾
Amendments to IFRS 3	Reference to the Conceptual Framework ⁽²⁾
Annual Improvements to IFRSs	2018-2020 Cycle ⁽²⁾
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies ⁽³⁾
Amendments to IAS 8	Definition of Accounting Estimates ⁽³⁾
IFRS 17	Insurance Contracts ⁽³⁾
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2021

⁽²⁾ Effective for annual periods beginning on or after 1 January 2022

⁽³⁾ Effective for annual periods beginning on or after 1 January 2023

⁽⁴⁾ The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the executive Directors of the Company, being identified as the chief operating decision makers (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services rendered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- (1) Animal feed additives products segment: manufacturing and distribution of animal feed additives products; and
- (2) Human food ingredient products segment: distribution of human food ingredient products.

Segment revenue and results

The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 2 to the consolidated financial statements in the annual report of the Company for the year ended 31 December 2020.

Segment revenue represents revenue derived from (i) manufacturing and distribution of animal feed additives products and (ii) distribution of human food ingredient products.

Segment results represent the gross profit less selling and distribution costs and reversal of or provision for loss allowance of trade receivables incurred by each segment without allocation of other income, administrative and other operating expenses, finance costs, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

In addition, the Group’s place of domicile is Malaysia, where the central management and control is located.

The followings are analysis of the Group's revenue and results by reportable and operating segments:

	Animal feed additives products RM'000	Human food ingredient products RM'000	Total RM'000
For the year ended 31 December 2020			
Revenue from external customers and reportable segment revenue			
within IFRS 15			
— Distribution	60,713	16,114	76,827
— Manufacturing	<u>39,055</u>	<u>—</u>	<u>39,055</u>
Total	<u><u>99,768</u></u>	<u><u>16,114</u></u>	<u><u>115,882</u></u>
Gross profit			
— Distribution	10,750	3,163	13,913
— Manufacturing	<u>12,210</u>	<u>—</u>	<u>12,210</u>
Total	22,960	3,163	26,123
Selling and distribution costs	(1,937)	(346)	(2,283)
Reversal of loss allowance of trade receivables	<u>133</u>	<u>—</u>	<u>133</u>
Segment results	<u><u>21,156</u></u>	<u><u>2,817</u></u>	23,973
<i>Unallocated income and expenses</i>			
Other income			2,756
Administrative and other operating expenses			(9,808)
Finance costs			(50)
Listing expenses			<u>(4,291)</u>
Profit before tax			12,580
Income tax expenses			<u>(4,129)</u>
Profit for the year			<u><u>8,451</u></u>
<i>Other information:</i>			
Depreciation (Note i)	108	—	108
Additions to property, plant and equipment (Note ii)	<u>213</u>	<u>—</u>	<u>213</u>

	Animal feed additives products RM'000	Human food ingredient products RM'000	Total RM'000
For the year ended 31 December 2019			
Revenue from external customers and reportable segment revenue within IFRS 15			
— Distribution	60,560	18,011	78,571
— Manufacturing	<u>47,482</u>	<u>—</u>	<u>47,482</u>
Total	<u><u>108,042</u></u>	<u><u>18,011</u></u>	<u><u>126,053</u></u>
Gross profit			
— Distribution	11,325	3,240	14,565
— Manufacturing	<u>14,697</u>	<u>—</u>	<u>14,697</u>
Total	26,022	3,240	29,262
Selling and distribution costs	(1,854)	(271)	(2,125)
(Provision for) Reversal of loss allowance of trade receivables	<u>(293)</u>	<u>6</u>	<u>(287)</u>
Segment results	<u><u>23,875</u></u>	<u><u>2,975</u></u>	26,850
<i>Unallocated income and expenses</i>			
Other income			1,542
Administrative and other operating expenses			(7,433)
Finance costs			(146)
Listing expenses			<u>(1,928)</u>
Profit before tax			18,885
Income tax expenses			<u>(5,167)</u>
Profit for the year			<u><u>13,718</u></u>
<i>Other information:</i>			
Depreciation (Note i)	87	—	87
Additions to property, plant and equipment (Note ii)	<u>216</u>	<u>—</u>	<u>216</u>

Notes:

- (i) Depreciation not included in the measure of segment results during the year ended 31 December 2020 amounted to approximately RM1,235,000 (2019: approximately RM1,344,000).
- (ii) Additions to property, plant and equipment not included in the measure of segment results during the year ended 31 December 2020 amounted to approximately RM1,687,000 (2019: approximately RM474,000).

Geographical information

No geographical segment analysis on the Group's revenue is provided as substantially all of the Group's revenue and contribution to results were derived from Malaysia.

No geographical analysis on segment tangible assets is provided as substantially all of the Group's tangible assets were located at Malaysia.

Information about major customers

No single customer or group of customers under common control contributed 10% or more of the total revenue during the years ended 31 December 2020 and 2019.

5. REVENUE

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<u>Revenue from contracts with customers within IFRS 15</u>		
Distribution income	76,827	78,571
Manufacturing income	<u>39,055</u>	<u>47,482</u>
	<u>115,882</u>	<u>126,053</u>

In addition to the information shown in segment disclosures, the revenue from contracts with customers within IFRS 15 is disaggregated as follows:

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<i>Timing of revenue recognition:</i>		
— at a point of time		
Distribution income	76,827	78,571
Manufacturing income	<u>39,055</u>	<u>47,482</u>
	<u>115,882</u>	<u>126,053</u>

6. OTHER INCOME

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Bank interest income	238	199
Exchange gain, net	1,408	736
Gain on disposal of property, plant and equipment	83	98
Fair value gain on other investments	—	68
Investment income arising from other investments	581	103
Sundry income	446	338
	<u>2,756</u>	<u>1,542</u>

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Finance costs		
Interest expenses on interest-bearing borrowings	30	128
Interest expenses on lease liabilities	20	18
	<u>50</u>	<u>146</u>
Staff costs (including Directors' emoluments)		
Salaries, allowances and other benefits in kinds	4,916	4,764
Contributions to defined contribution plans	562	561
	<u>5,478</u>	<u>5,325</u>
Total staff costs (charged to "cost of goods sold", "selling and distribution costs" and "administrative and other operating expenses", as appropriate)	<u>5,478</u>	<u>5,325</u>
Other items		
Auditors' remuneration	606	67
Cost of goods sold	89,759	96,791
Depreciation (charged to "cost of goods sold" and "administrative and other operating expenses", as appropriate)	1,343	1,431
Exchange gain, net	(1,408)	(736)
Fair value loss/(gain) on other investments	300	(68)
Gain on disposal of property, plant and equipment	(83)	(98)
(Reversal of) Provision for loss allowance of trade receivables	(133)	287

The Group does not recognise right-of-use assets and corresponding liabilities under short term lease and lease of low-value assets.

8. INCOME TAX EXPENSES

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Current tax		
Malaysia corporate income tax (“CIT”)	4,119	5,103
Deferred tax		
Changes in temporary differences	<u>10</u>	<u>64</u>
	<u>4,129</u>	<u>5,167</u>

The group entities established in the Cayman Islands and the BVI are exempted from CIT of those jurisdictions.

Hong Kong profits tax has not been provided for as the Group had no assessable profits in Hong Kong for the year ended 31 December 2020.

The enterprise income tax of the People’s Republic of China (the “PRC”) has not been provided for as the Group had no assessable profits in the PRC for the year ended 31 December 2020.

Malaysia CIT is calculated at the rate of 24% of the Group’s estimated assessable profits arising from Malaysia during the years ended 31 December 2020 and 2019.

Reconciliation of income tax expenses

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Profit before tax	<u>12,580</u>	<u>18,885</u>
Income tax at applicable tax rate	3,019	4,532
Non-deductible expenses	1,128	598
Tax exempt revenue	(52)	(43)
Others	<u>34</u>	<u>80</u>
Income tax expenses	<u>4,129</u>	<u>5,167</u>

9. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2020 (2019: Nil). The Directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to equity holders of the Company is based on the following information:

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Profit for the year attributable to the equity holders of the Company, used in basic and diluted earnings per share calculation	<u>8,451</u>	<u>13,718</u>
	Number of shares	
	2020	2019
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>454,576,503</u>	<u>375,000,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined based on the assumption that the issue of shares at incorporation of the Company, from the reorganisation of the Group and from the Capitalisation Issue (as defined in Note 14 below) to the shareholders of the Company (the “**Shareholders**”) had occurred on 1 January 2019.

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 31 December 2020 and 2019.

11. TRADE AND OTHER RECEIVABLES

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Trade receivables		
From third parties	27,073	36,883
Less: Loss allowance	<u>(1,676)</u>	<u>(1,809)</u>
	<i>11(a)</i> <u>25,397</u>	<u>35,074</u>
Other receivables		
Deposits and prepayments (<i>Note</i>)	<u>4,070</u>	<u>3,454</u>
	<u>29,467</u>	<u>38,528</u>

Note: The amount as at 31 December 2019 included prepaid initial listing expenses of approximately RM50,000.

11(a) Trade receivables

The Group grants credit period up to 90 days to its customers upon the delivery of goods.

As at 31 December 2020 and 2019, trade receivables of approximately RM949,000 and RM949,000, respectively, were secured by the property pledged by a trade debtor and the remaining balances were unsecured. The management of the Group considers the fair value of the pledged property is sufficient to cover the respective trade receivables balance as at 31 December 2020 and 2019. The amount due is interest-free and repayable on demand.

The ageing of trade receivables (net of loss allowance) based on invoice date at the end of each reporting period is as follows:

	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	9,328	13,272
31 to 60 days	7,201	9,467
61 to 90 days	3,874	4,619
Over 90 days	<u>6,670</u>	<u>9,525</u>
	27,073	36,883
Less: Loss allowance	<u>(1,676)</u>	<u>(1,809)</u>
	<u><u>25,397</u></u>	<u><u>35,074</u></u>

12. OTHER INVESTMENTS

		2020	2019
	<i>Note</i>	<i>RM'000</i>	<i>RM'000</i>
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted investments — unit trust	<i>12(a)</i>	<u><u>53,074</u></u>	<u><u>3,325</u></u>

12(a) The unit trust represented unlisted investments managed by a bank in Malaysia, which mainly invested in Islamic money market instruments, including cash funds, bond funds and money market funds, etc.. It can be redeemed from time to time and bear interest at floating rate ranging from 1.58% to 2.73% per annum. The fair values of the investments are reported by the bank with reference to the fair value of the underlying instruments at the end of each reporting period.

13. TRADE AND OTHER PAYABLES

	<i>Note</i>	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Trade payables			
To third parties	13(a)	<u>5,581</u>	<u>7,317</u>
Other payables			
Accruals and other payables (<i>Note</i>)		<u>1,515</u>	<u>1,662</u>
		<u>7,096</u>	<u>8,979</u>

Note: The amount as at 31 December 2019 included accrued initial listing expenses of approximately RM807,000.

13(a) Trade payables

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Within 30 days	2,665	3,259
31 to 60 days	2,361	2,056
61 to 90 days	487	1,402
Over 90 days	<u>68</u>	<u>600</u>
	<u>5,581</u>	<u>7,317</u>

The credit term on trade payables is up to 90 days.

14. SHARE CAPITAL

	<i>Notes</i>	Number of shares	HK\$	Equivalent to RM
<i>Ordinary share of HK\$0.01 each</i>				
Authorised:				
At 1 January 2019, 31 December 2019 and 1 January 2020		38,000,000	380,000	200,000
Increase	<i>(i)</i>	<u>19,962,000,000</u>	<u>199,620,000</u>	<u>110,226,394</u>
At 31 December 2020		<u>20,000,000,000</u>	<u>200,000,000</u>	<u>110,426,394</u>
Issued and fully paid:				
At 1 January 2019, 31 December 2019 and 1 January 2020		100	1	—*
Issue of share pursuant to the Capitalisation Issue	<i>(ii)</i>	374,999,900	3,749,999	2,078,713
Issue of shares pursuant to the Share Offer	<i>(iii)</i>	<u>125,000,000</u>	<u>1,250,000</u>	<u>690,417</u>
At 31 December 2020		<u>500,000,000</u>	<u>5,000,000</u>	<u>2,769,130</u>

* Represents amount less than RM1.

Notes:

- (i) On 8 April 2020, the authorised share capital of the Company was increased by HK\$199,620,000 by the creation of additional 19,962,000,000 shares of HK\$0.01 each.
- (ii) Pursuant to the resolutions in writing of the Shareholders passed on 8 April 2020, subject to the share premium account of the Company being credited as a result of the issue of the Company's shares under the Listing, the Directors were authorised to allot and issue a total of 374,999,900 shares of HK\$0.01 each to the then existing Shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$3,749,999 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"). The Capitalisation Issue was fully completed on 13 May 2020.
- (iii) On 13 May 2020, the shares of the Company were initially listed on the Main Board of the Stock Exchange and 125,000,000 shares of HK\$0.01 each were issued at the offer price of HK\$1 per share by way of share offer (the "**Share Offer**"). The gross proceeds from the Share Offer amounted to HK\$125,000,000 (equivalent to approximately RM69,041,000). The expenses attributable to issue of shares pursuant to the Share Offer of approximately RM17,291,000 were recognised in the share premium account of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Malaysia-based company principally engaging in (i) distribution of animal feed additives and, to a lesser extent, human food ingredients; and (ii) manufacturing of animal feed additives premixes.

The following table sets forth the breakdown of the revenue of the Group by business segments for the years ended 31 December 2020 (the “**Financial Year**”) and 2019:

	2020		2019	
	<i>RM'000</i>	<i>Approximate %</i>	<i>RM'000</i>	<i>Approximate %</i>
Manufacturing	39,055	33.7	47,482	37.7
Distribution	<u>76,827</u>	<u>66.3</u>	<u>78,571</u>	<u>62.3</u>

The Group’s revenue decreased by approximately 8.1% from approximately RM126.1 million for the year ended 31 December 2019 to approximately RM115.9 million for the Financial Year.

Manufacturing

Revenue from the manufacturing business decreased from approximately RM47.5 million for the year ended 31 December 2019 to approximately RM39.1 million for the Financial Year, representing a decrease of approximately 17.7%. Such decrease was mainly attributable to the reduced overseas sales from Bangladesh and Philippines during the Financial Year. The Group’s overseas sales were impacted by the drastic increase in the international freight cost as was globally faced due to shortages of shipping containers. Two of the Group’s main export destinations, namely Bangladesh and the Philippines, were under lockdown and the demands from both countries were negatively affected as a result. In addition, the Philippines had an outbreak of the African swine fever in 2020, and more than 350,000 pigs were culled during the Financial Year.

Distribution

Revenue from the distribution business decreased from approximately RM78.6 million for the year ended 31 December 2019 to approximately RM76.8 million for the Financial Year, representing a decrease of approximately 2.3%. The decrease was mainly attributable to the decrease in the sales of human food ingredients by approximately RM1.9 million during the Financial Year as the food and beverage industry was heavily affected by the prolonged movement control order (the “**MCO**”) implemented by the Malaysian Government.

Cost of goods sold

The Group's cost of goods sold mainly comprises cost of inventories, freight cost, direct labour cost, manufacturing overheads and others. The following table sets out the breakdown of the Group's direct costs during the years ended 31 December 2020 and 2019:

	2020		2019	
	<i>RM'000</i>	<i>Approximate %</i>	<i>RM'000</i>	<i>Approximate %</i>
Cost of inventories	87,835	97.9	95,071	98.2
Freight cost, direct labour cost, manufacturing overheads and others	<u>1,924</u>	<u>2.1</u>	<u>1,720</u>	<u>1.8</u>

Gross profit and gross profit margin

In line with the decrease in revenue, the Group's gross profit decreased from approximately RM29.3 million for the year ended 31 December 2019 to RM26.1 million for the Financial Year, representing a decrease of approximately 10.9%. The decrease was mainly due to the decrease in sales from overseas customers. With combined effects of revenue and cost of goods sold, the Group's gross profit margin decreased slightly from approximately 23.2% for the year ended 31 December 2019 to 22.5% for the Financial Year.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased from approximately RM7.4 million for the year ended 31 December 2019 to approximately RM9.8 million for the Financial Year. Such increase was mainly attributable to the net effect of the increases in (i) staff costs; (ii) professional fees after the Listing. The administrative and other operating expenses of the Group primarily consist of depreciation, staff costs, repair and maintenance and legal and professional fees and other charges.

Finance costs

Finance costs represented interest expenses on bank borrowings and lease liabilities. For the years ended 31 December 2020 and 2019, the Group recorded finance costs of approximately RM50,000 and RM146,000, respectively.

Listing expenses

The Group's Listing expenses primarily consist of professional fees and underwriting commission in relation to the Listing. The Listing expenses were estimated to be approximately RM30.3 million, of which approximately RM17.3 million was directly attributable to the issue of new shares (the "Shares") and deducted from equity in accordance with the relevant accounting standards. The

remaining amount of approximately RM6.8 million, RM1.9 million and RM4.3 million were charged to the consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2018, 2019 and 2020, respectively.

Income tax expenses

The Group's income tax expenses were approximately RM4.1 million and RM5.2 million for the years ended 31 December 2020 and 2019, respectively.

Profit for the year and earnings per Share

As a result of the foregoing, the Group's profit for the year was approximately RM8.5 million and RM13.7 million for the Financial Year and for the year ended 31 December 2019, respectively. The decrease in the Group's profit for the year was mainly attributable to the decrease in revenue and increased Listing expenses as mentioned above. Earnings per Share attributable to the equity holders of the Company were approximately RM1.86 sen and RM3.66 sen for the Financial Year and for the year ended 31 December 2019, respectively.

Key financial ratios

		As at/for the year ended	
		31 December	
	Notes	2020	2019
Current ratio (times)	1	17.5	7.5
Quick ratio (times)	2	13.0	4.6
Gearing ratio (times)	3	—*	0.02
Net debt to equity (times)	4	N/A	N/A
Return on equity (%)	5	6.0	16.3
Return on total assets (%)	6	<u>5.7</u>	<u>14.3</u>

* Represent amount less than 0.01 time.

Notes:

1. Current ratio is total current assets divided by total current liabilities.
2. Quick ratio is total current assets less inventories divided by total current liabilities.
3. Gearing ratio is total debt (i.e. sum of lease liabilities and borrowings) divided by total equity.
4. Debt to equity ratio is total debt (i.e. sum of lease liabilities and borrowings) less cash and cash equivalents divided by total equity.
5. Return on equity is profit for the year divided by total equity and multiplied by 100%.
6. Return on assets is profit for the year divided by total assets and multiplied by 100%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2020,

1. the Company's issued capital was HK\$5.0 million (equivalent to approximately RM2.8 million) and the number of its issued ordinary Shares was 500,000,000 Shares of HK\$0.01 each;
2. the Group had total restricted bank deposits and bank balances as well as cash and cash equivalents of approximately RM1.7 million (2019: RM1.7 million) and approximately RM15.2 million (2019: RM6.5 million) respectively, most of which were denominated in United States dollars ("US\$"), Hong Kong dollars ("HK\$") and RM;
3. the Group had lease liabilities and bank borrowings of approximately RM61,000 (2019: RM31,000) and nil (2019: RM1.5 million), respectively. All of the lease liabilities and bank borrowings were denominated in RM; and
4. the Group's total equity attributable to owners of the Company was approximately RM140.7 million (2019: RM84.2 million). The capital of the Company mainly comprises share capital and reserves.

TREASURY POLICY

The Group has adopted a prudent treasury management policy to (i) ensure that the Group's funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt the Group's daily business obligations; (ii) maintain sufficient level of funds to settle the Group's capital commitment when they fall due; and (iii) maintain adequate liquidity to cover the Group's operation cash flows and administrative expenses. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Except for the item as disclosed in Note 12 to the consolidated financial statements in this announcement and saved as disclosed in the prospectus of the Company (the "**Prospectus**"), the Group has no significant investments, material acquisitions or disposals of subsidiaries and associated companies during the Financial Year.

CAPITAL COMMITMENTS

As at 31 December 2020 and 2019, the Group had no significant capital commitments.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2020, the total banking facilities granted to the Group amounted to approximately RM12.3 million. As at 31 December 2020, the Group has no bank borrowing (2019: RM1.51 million). During the years ended 31 December 2020 and 2019, the Ultimate Controlling Parties and/or their close family member have issued personal guarantees in favour of the banks amounting to approximately RM20,318,000 and approximately RM20,318,000 as at 31 December 2020 and 2019, respectively, to secure banking facilities granted to the Group.

Subsequent to the year end, the Group completed the release of the collaterals and guarantees provided by the Ultimate Controlling Parties by replacement of corporate guarantees provided by the Company in favour of the banks.

CONTINGENT LIABILITIES

As at 31 December 2020 and 2019, the Group did not have any contingent liabilities.

FOREIGN CURRENCY RISK

The Group operates mainly in Malaysia, and as a result fluctuations in the RM's value against other currencies will create foreign currency translation gains or losses and may have an adverse effect on the Group's business, financial condition and results of operations. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into US\$ or HK\$, of the Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect the Group's ability to pay dividends or satisfy other foreign exchange requirements.

The management will monitor foreign currency exposure of the Group and will consider undertaking foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group's operating results. The Group had not used any derivative financial instrument during the Financial Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 57 (2019: 55) employees, all of whom were directly hired by the Group. The Group's employees are invaluable assets of the Group and it is dedicated to managing human capital. The Directors believe that continuous staff training and development will not only improve the Group's staff's performance, but will also enhance loyalty and staff morale. For its new recruits, the Group offers induction training courses which cover practical and technical aspects of their works, together with its corporate culture and core value. Remuneration package offered by the Group to its staff includes basic salary, discretionary bonuses and allowance. For the Financial Year, the Group's employee costs, including Directors' emoluments, were approximately RM5.5 million (2019: RM5.3 million). The Directors review the performance of the Group's employees on a periodical basis in order to determine salary adjustment and promotions and keep the Group's remuneration package competitive.

USE OF PROCEEDS

The net proceeds (the “**Net Proceeds**”) received from the Listing by the Group amounted to approximately HK\$72.4 million, after deducting the underwriting fees, commissions and other Listing expenses. At 31 December 2020, approximately HK\$5.7 million of the Net Proceeds had been utilised. As at 31 December 2020, all of the unused proceeds were deposited in licensed banks in Hong Kong and Malaysia. During the period from the Listing Date up to 31 December 2020 (“**Relevant Period**”), the Net Proceeds had been applied as follows:

	Planned use of the Net Proceeds during the Relevant Period <i>HK\$' million</i>	Planned use of the Net Proceeds during the Relevant Period <i>HK\$' million</i>	Actual use of the Net Proceeds during the Relevant Period <i>HK\$' million</i>	Unutilised amount at 31 December 2020 <i>HK\$' million</i>	Expected timeline to use the Net Proceeds
Construct a new manufacturing plant	42.1	28.8	—	42.1	30 June 2022
Acquire/partner with company selling animal feed additives products	13.4	13.4	—	13.4	31 December 2021
Conduct sales and marketing activities	1.7	0.3	—	1.7	30 June 2022
Set up a new testing laboratory	3.5	1.8	—	3.5	30 June 2022
Set up a centralised enterprise resource planning system	3.7	2.0	—	3.7	31 December 2022
Hire additional workforce	3.0	0.7	0.7	2.3	31 December 2022
Purchase trucks for logistics services and vehicle for sales personnel	1.4	1.4	1.4	—	
General working capital (<i>Note</i>)	3.6	N/A	3.6	—	
TOTAL	<u>72.4</u>	<u>48.4</u>	<u>5.7</u>	<u>66.7</u>	

Note: Net Proceeds to be applied to working capital depend on the actual requirement in operation of the Group.

The progress of the use of proceeds has been slowed down due to the prolonged MCO with strict standard operating procedures (the “**SOP**”) being in place, which has reduced economic and social activities. The Directors believe that once MCO being lifted and economy is stable, the Group will actively proceed with the plan of utilising the fund. In view of the current low interest rate environment, the Directors decided to invest the unused proceeds in conservative investments with a satisfactory expected return, acceptable risk and high liquidity. Part of the unutilised net proceeds were invested in the US\$ Hedged-class Units of Affin Hwang Select Bond Fund for an aggregate amount of US\$5 million, with details set out in the Company’s announcement dated 28 August 2020. The Company will redeem part or all of the investment in the fund when the Company utilises the net proceeds according to the disclosure made in the Prospectus. The Company will ensure that there will be no adverse impact to the utilisation of the net proceeds and there will be no change in the final use of the net proceeds as planned.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to the Company's Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules since the Listing Date.

Save for the deviation from code provision A.2.1 of the CG Code as disclosed below, the Company has complied with the CG Code during the Relevant Period. Details of the continuing evolution of our corporate governance practices for the year ended 31 December 2020 are to be set out in the annual report of the Company for the year ended 31 December 2020. The Board will periodically review the Company's corporate governance functions and will continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman (the "**Chairman**") and chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual. Dato' Sri Lee Haw Yih currently holds both positions. Dato' Sri Lee Haw Yih has been managing the Group's business and overall strategic planning for over 20 years. Taking into account the continuous implementation of the business plans, the Board believes that vesting the roles of both Chairman and the CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The Board will continue to review and consider splitting the roles of the Chairman and the CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the Relevant Period and the Board is of the view that the Model Code has been fully complied with during the Relevant Period.

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the Financial Year (2019: Nil).

SHARE OPTION SCHEME

Pursuant to the written resolutions of all the Shareholders passed on 8 April 2020, the Company adopted the share option scheme of the Company (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

During the Relevant Period, no share options had been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Shares have been listed on the Main Board of the Stock Exchange on 13 May 2020. No purchase, sale or redemption of the Company’s listed securities was made by the Company or any of its subsidiaries during the Relevant Period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

EVENTS AFTER THE REPORTING PERIOD

On 7 January 2021, Ritamix (HK) Limited, a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Shifengfu (Hainan) Health Biotechnology Co., Ltd.* (世豐福(海南)健康生物科技有限公司). Pursuant to the cooperation agreement, Hainan Ritamix Biological Science Co., Ltd.* (海南利特米生物科學有限公司) was established. For details, please refer to the announcement of the Company titled “Discloseable transaction in relation to the Cooperation Agreement with Shifengfu (Hainan)” dated 7 January 2021.

Subsequent to the passing of a special resolution at the extraordinary general meeting held on 30 December 2020, the Company has adopted the Chinese name of “利特米有限公司” as the dual foreign name of the Company. The Chinese stock short name of “利特米” for trading of the Shares on the Stock Exchange became effective from 9:00 a.m. on 18 February 2021. For details, please refer to the announcement titled “Adoption of Chinese Name” dated 10 February 2021.

* *For identification purpose only*

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float for its shares as required under the Listing Rules during the Relevant Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 15 June 2021 to Friday, 18 June 2021 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend and vote at the 2021 annual general meeting (“**2021 AGM**”) which will be held on Friday, 18 June 2021. In order to qualify for attending and voting at the 2021 AGM, Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited for registration no later than 4:30 p.m. on Friday, 11 June 2021. The address of Boardroom Share Registrars (HK) Limited is 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Ms. Ng Siok Hui, Mr. Lim Chee Hoong and Mr. Lim Heng Choon. The chairman of the Audit Committee is Mr. Lim Chee Hoong.

The role of the Audit Committee includes reviewing and monitoring the Group's external auditor's independence and objectivity and the effectiveness of the audit process, monitoring the integrity of the Group's financial information and reviewing significant financial reporting judgement and overseeing the Group's financial reporting system and risk management and internal control systems.

The Audit Committee has reviewed the consolidated financial statements and the Group's annual results for the Financial Year. The Audit Committee is of the view that the financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

REVIEW OF ANNUAL RESULTS ANNOUNCEMENT

The consolidated financial results of the Group for the Financial Year have been reviewed by the Audit Committee and the figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the Financial Year as set out in this announcement have been agreed by our independent joint auditors, Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, and Mazars PLT, *Chartered Accountants, Malaysia*, to the amounts as set out in the Group's audited consolidated financial statements. The Audit Committee is of the opinion that the preparation of such results has complied with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made. The work performed by the joint auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the joint auditors on the annual results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ritamix-global.com). The annual report of the Company for the year ended 31 December 2020 containing all the relevant information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course in the manner required by the Listing Rules.

By order of the Board
Ritamix Global Limited
Dato' Sri Lee Haw Yih
Chairman and Executive Director

Malaysia, 25 March 2021

As at the date of this announcement, the executive Directors are Dato' Sri Lee Haw Yih (Chairman and CEO) and Datin Sri Yaw Sook Kean; the non-executive Director is Mr. Lee Haw Shyang; and the independent non-executive Directors are Ms. Ng Siok Hui, Mr. Lim Chee Hoong and Mr. Lim Heng Choon.