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Ritamix Global Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1936)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors of Ritamix Global Limited (the “**Board**”, the “**Directors**” and the “**Company**”, respectively) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020, together with the relevant comparative figures for the corresponding period in 2019 as follows:

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

For the six months ended 30 June 2020

	<i>Notes</i>	For the six months ended 30 June	
		2020	2019
		RM'000	RM'000
		(Unaudited)	(Unaudited)
Revenue	4	58,573	59,192
Cost of goods sold		<u>(45,317)</u>	<u>(44,627)</u>
Gross profit		13,256	14,565
Other income	5	1,357	718
Selling and distribution costs		(1,079)	(1,145)
Administrative and other operating expenses		(3,860)	(3,903)
Finance costs	6	(43)	(105)
Loss allowance of trade receivables	10	(202)	(70)
Listing expenses		<u>(4,291)</u>	<u>(1,147)</u>
Profit before tax	6	5,138	8,913
Income tax expenses	7	<u>(2,310)</u>	<u>(2,520)</u>
Profit for the period, attributable to equity holders of the Company		2,828	6,393
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		<u>(1,087)</u>	<u>—</u>
Total comprehensive income for the period, attributable to equity holders of the Company		<u>1,741</u>	<u>6,393</u>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	8	<u>0.69 RM sen</u>	<u>1.70 RM sen</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

		At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Non-current assets			
Property, plant and equipment		<u>14,190</u>	<u>14,168</u>
Current assets			
Inventories		37,613	31,611
Trade and other receivables	10	30,623	38,528
Other investments	11	25,561	3,325
Restricted bank balances		1,670	1,670
Bank balances and cash		<u>36,864</u>	<u>6,482</u>
		<u>132,331</u>	<u>81,616</u>
Current liabilities			
Trade and other payables	12	7,395	8,979
Interest-bearing borrowings		—	1,509
Income tax payables		384	404
Lease liabilities		<u>317</u>	<u>17</u>
		<u>8,096</u>	<u>10,909</u>
Net current assets		<u>124,235</u>	<u>70,707</u>
Total assets less current liabilities		<u>138,425</u>	<u>84,875</u>
Non-current liabilities			
Lease liabilities		30	14
Deferred tax liabilities		<u>669</u>	<u>626</u>
		<u>699</u>	<u>640</u>
Net assets		<u>137,726</u>	<u>84,235</u>
Capital and reserves			
Share capital	13	2,769	—*
Reserves		<u>134,957</u>	<u>84,235</u>
Total equity		<u>137,726</u>	<u>84,235</u>

* Represent amount less than RM1,000.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 October 2018. The Company's shares in issue were initially listed on the Main Board of the Stock Exchange on 13 May 2020 (the "**Listing**"). 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 P.O. Box 1350, Clifton House, 75 Fort Street, 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.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 (the "**Interim Financial Statements**") are presented in Malaysian Ringgit ("**RM**") and all amounts have been rounded to the nearest thousand ("**RM'000**"), unless otherwise indicated.

The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "*Interim Financial Reporting*" issued by International Accounting Standard Board (the "**IASB**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the management of the Group (the "**Management**") to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2019, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”) as set out in the Company’s prospectus dated 24 April 2020 (the “**Prospectus**”).

In preparing the Interim Financial Statements, significant judgements made by the Management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2019 Financial Statements.

2. PRINCIPAL ACCOUNTING POLICIES

The measurement basis used in the preparation of the Interim 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 accounting policies and methods of computation used in the Interim Financial Statements are consistent with those followed in the preparation of the 2019 Financial Statements.

The adoption of the new/revised IFRSs which are relevant to the Group and effective for current period does not have any significant impact on the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the IASB has issued a number of new/revised IFRSs that are not yet effective for the current period, which the Group has not early adopted. The Directors do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the consolidated financial statements of the Group.

3. SEGMENT INFORMATION

Information reported to the executive Directors, being identified as the chief operating decision makers (the “**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. 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

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 gross profit less selling and distribution costs and 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 following is an 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
<i>For the six months ended 30 June 2020 (Unaudited)</i>			
Revenue from external customers and reportable segment revenue			
— Distribution	29,867	7,179	37,046
— Manufacturing	<u>21,527</u>	<u>—</u>	<u>21,527</u>
Total	<u>51,394</u>	<u>7,179</u>	<u>58,573</u>
Gross profit			
— Distribution	6,182	1,322	7,504
— Manufacturing	<u>5,752</u>	<u>—</u>	<u>5,752</u>
Total	11,934	1,322	13,256
Selling and distribution costs	(951)	(128)	(1,079)
Loss allowance of trade receivables	<u>(202)</u>	<u>—</u>	<u>(202)</u>
Segment results	10,781	1,194	11,975
<i>Unallocated income and expenses</i>			
Other income			1,357
Administrative and other operating expenses			(3,860)
Finance costs			(43)
Listing expenses			<u>(4,291)</u>
Profit before tax			5,138
Income tax expenses			<u>(2,310)</u>
Profit for the period			<u>2,828</u>
<i>Other information:</i>			
Depreciation (Note)	<u>47</u>	<u>—</u>	<u>47</u>

	Animal feed additives products <i>RM'000</i>	Human food ingredient products <i>RM'000</i>	Total <i>RM'000</i>
<i>For the six months ended 30 June 2019 (Unaudited)</i>			
Revenue from external customers and reportable segment revenue			
— Distribution	27,910	8,018	35,928
— Manufacturing	<u>23,264</u>	<u>—</u>	<u>23,264</u>
Total	<u><u>51,174</u></u>	<u><u>8,018</u></u>	<u><u>59,192</u></u>
Gross profit			
— Distribution	5,379	1,436	6,815
— Manufacturing	<u>7,750</u>	<u>—</u>	<u>7,750</u>
Total	13,129	1,436	14,565
Selling and distribution costs	(1,031)	(114)	(1,145)
(Loss allowance) Reversal of loss allowance of trade receivables	<u>(76)</u>	<u>6</u>	<u>(70)</u>
Segment results	12,022	1,328	13,350
<i>Unallocated income and expenses</i>			
Other income			718
Administrative and other operating expenses			(3,903)
Finance costs			(105)
Listing expenses			<u>(1,147)</u>
Profit before tax			8,913
Income tax expenses			<u>(2,520)</u>
Profit for the period			<u><u>6,393</u></u>
<i>Other information:</i>			
Depreciation (<i>Note</i>)	<u><u>32</u></u>	<u><u>—</u></u>	<u><u>32</u></u>

Note: Depreciation not included in the measure of segment results during the six months ended 30 June 2020 and 2019 amounted to approximately RM585,000 (*unaudited*) and approximately RM707,000 (*unaudited*), respectively.

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 assets is provided as substantially all of the Group's assets were located at Malaysia.

Information about major customers

No revenue derived from a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue during the six months ended 30 June 2020 and 2019.

4. REVENUE

	For the six months ended	
	30 June	
	2020	2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<u>Revenue from contracts with customers within IFRS 15</u>		
Distribution income	37,046	35,928
Manufacturing income	<u>21,527</u>	<u>23,264</u>
	<u>58,573</u>	<u>59,192</u>

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

	For the six months ended	
	30 June	
	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Timing of revenue recognition:</i>		
— at a point in time		
Distribution income	37,046	35,928
Manufacturing income	<u>21,527</u>	<u>23,264</u>
	<u>58,573</u>	<u>59,192</u>

5. OTHER INCOME

	For the six months ended	
	30 June	
	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Bank interest income	187	111
Exchange gain, net	773	286
Fair value gain on other investments	—	50
Gain on disposal of property, plant and equipment	—	47
Investment income arising from other investments	104	49
Sundry income	<u>293</u>	<u>175</u>
	<u>1,357</u>	<u>718</u>

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	For the six months ended	
	30 June	
	2020	2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Finance costs		
Interest expenses on interest-bearing borrowings	28	92
Interest expenses on lease liabilities	<u>15</u>	<u>13</u>
	<u>43</u>	<u>105</u>
Staff costs (including Directors' emoluments)		
Salaries, allowances and other benefits in kinds	2,522	2,568
Contributions to defined contribution plans	<u>300</u>	<u>306</u>
Total staff costs (charged to "cost of goods sold", "selling and distribution costs" and "administrative and other operating expenses", as appropriate)	<u>2,822</u>	<u>2,874</u>
Other items		
Auditor's remuneration	58	32
Cost of inventories	45,317	44,627
Depreciation (charged to "cost of goods sold" and "administrative and other operating expenses", as appropriate)	632	739
Exchange gain, net	(773)	(286)
Gain on disposal of property, plant and equipment	—	(47)
Loss allowance of trade receivables	202	70
Fair value loss (gain) on other investments	<u>10</u>	<u>(50)</u>

7. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2020	2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Current tax		
Malaysia corporate income tax (“ Malaysia CIT ”)	2,267	2,491
Deferred tax		
Changes in temporary differences	<u>43</u>	<u>29</u>
Total income tax expenses	<u><u>2,310</u></u>	<u><u>2,520</u></u>

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

Malaysia CIT is calculated at the rate of 24% of the Group’s estimated assessable profits arising from Malaysia during the six months ended 30 June 2020 and 2019.

8. 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:

	For the six months ended 30 June	
	2020	2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<i>Profit:</i>		
Profit for the period attributable to equity holders of the Company, used in basic and diluted earnings per share calculation	<u><u>2,828</u></u>	<u><u>6,393</u></u>
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u><u>408,653,846</u></u>	<u><u>375,000,000</u></u>

The calculation of 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 from the Capitalisation Issue (as defined in Note 13(b) 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 were no dilutive potential ordinary shares in existence during the six months ended 30 June 2020 and 2019.

9. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2020 (*Six months ended 30 June 2019: nil*).

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Trade receivables		
From third parties	29,070	36,883
Loss allowance	<u>(2,011)</u>	<u>(1,809)</u>
	10(a) <u>27,059</u>	<u>35,074</u>
Other receivables		
Deposits and prepayments (<i>Note</i>)	<u>3,564</u>	<u>3,454</u>
	<u>30,623</u>	<u>38,528</u>

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

10(a) Trade receivables from third parties

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

Trade receivables of approximately RM949,000 (*unaudited*) and approximately RM949,000 (*audited*) at 30 June 2020 and 31 December 2019, respectively, were secured by the property pledged by a trade debtor and the remaining balances were unsecured. The Management considers that the fair value of the pledged property is sufficient to cover the respective trade receivables balance at 30 June 2020 and 31 December 2019, respectively. 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:

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Within 30 days	9,218	13,272
31 to 60 days	7,222	9,467
61 to 90 days	3,960	4,619
Over 90 days	8,670	9,525
	29,070	36,883
Less: Loss allowance	(2,011)	(1,809)
	27,059	35,074

11. OTHER INVESTMENTS

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted investments — unit trust	25,561	3,325

11(a) The unit trust represented unlisted investments managed by a bank in Malaysia, which mainly invested in Islamic money market instruments, debt securities, money market instruments and fixed deposits (31 December 2019: Islamic money market instruments). It can be redeemed from time to time and bears interest at floating rates ranging from 0.50% to 2.00% per annum (31 December 2019: ranging from 1.58% to 2.50% per annum). The fair values of the unit trust are reported by the bank by reference to the fair value of the underlying instruments at the end of each reporting period.

12. TRADE AND OTHER PAYABLES

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Trade payables		
To third parties	<u>6,450</u>	<u>7,317</u>
Other payables		
Accruals and other payables (<i>Note</i>)	<u>945</u>	<u>1,662</u>
	<u>7,395</u>	<u>8,979</u>

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

12(a) Trade payables

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

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Within 30 days	3,725	3,259
31 to 60 days	1,314	2,056
61 to 90 days	1,086	1,402
Over 90 days	<u>325</u>	<u>600</u>
	<u>6,450</u>	<u>7,317</u>

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

13. SHARE CAPITAL

	Notes	Number of shares	HK\$	Equivalent to RM
<i>Ordinary share of HK\$0.01 each</i>				
Authorised:				
At 1 January 2019 (Audited) and at 31 December 2019 (Audited)		38,000,000	380,000	200,000
Increase	13(a)	<u>19,962,000,000</u>	<u>199,620,000</u>	<u>110,226,394</u>
At 30 June 2020 (Unaudited)		<u>20,000,000,000</u>	<u>200,000,000</u>	<u>110,426,394</u>
Issued and fully paid:				
At 1 January 2019 (Audited) and at 31 December 2019 (Audited)		100	1	—*
Issue of shares pursuant to the Capitalisation Issue	13(b)	374,999,900	3,749,999	2,078,713
Issue of shares pursuant to the Share Offer	13(c)	<u>125,000,000</u>	<u>1,250,000</u>	<u>690,417</u>
At 30 June 2020 (Unaudited)		<u>500,000,000</u>	<u>5,000,000</u>	<u>2,769,130</u>

* Represent amount less than RM1.

13(a) 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.

13(b) 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 be credit of the share premium account of the Company (the "Capitalisation Issue"). The Capitalisation Issue was fully completed on 13 May 2020.

13(c) 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

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 shares of the Company (the “**Shares**”) were successfully listed on the Main Board of the Stock Exchange on 13 May 2020 (the “**Listing Date**”). The Listing was a milestone for strengthening our corporate profile, which has not only allowed the Group to access the capital market for fund raising but also enhanced the credibility of the Group with suppliers and customers and other business partners, as well as the Group’s ability to recruit, motivate and retain key management personnel. We believe that the net proceeds from the Listing will assist the implementation of the Group’s future development and business strategies as set out in the Prospectus.

BUSINESS REVIEW AND OUTLOOK

In order to continuously improve our operation efficiency, the Group has been striving to identify new business opportunities for continuous growth and expansion by consistently looking for potential acquisition targets of the same business nature.

The novel coronavirus disease 2019 pandemic (the “**Pandemic**”) that has been sweeping across the globe recently has been anticipated to have negative impacts on Malaysia’s macro-economy as well as on the economic welfare of its population. The main sources of the economic damage in Malaysia are the knock-on effect from the impacts of the Pandemic abroad and the movement control measures imposed by the Malaysian government from March 2020. Despite the negative impact on Malaysia’s macro-economy, the Group is actively involved in the animal health and human food market and is cautiously optimistic as the Group is of the view that the Pandemic will have minimal impacts on our operations as well as our performance provided that the Malaysian government does not extend the Movement Control Order (the “**MCO**”).

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2020 was approximately RM58.6 million, representing a decrease of approximately RM0.6 million, or approximately 1.0%, from approximately RM59.2 million for the same period in 2019.

Revenue from the manufacturing business for the six months ended 30 June 2020 was approximately RM21.5 million, accounting for approximately 36.8% of our total revenue and representing a decrease of approximately RM1.8 million, or approximately 7.5%, from approximately RM23.3 million for the same period in 2019. This decrease was primarily due to a decrease in the sales of complex mixing during the period.

Revenue from the distribution business for the six months ended 30 June 2020 was approximately RM37.1 million, accounting for approximately 63.2% of our total revenue and representing an increase of approximately RM1.2 million, or approximately 3.1%, from approximately RM35.9 million for the same period in 2019. This increase was primarily due to an increase in the sales of amino acid during the period.

Gross profit

Gross profit for the six months ended 30 June 2020 was approximately RM13.3 million (six months ended 30 June 2019: approximately RM14.6 million), representing a gross profit margin of 22.6% (six months ended 30 June 2019: 24.6%).

Gross profit for the manufacturing business for the six months ended 30 June 2020 was approximately RM5.8 million (six months ended 30 June 2019: approximately RM7.8 million), representing a gross profit margin of 26.7% (six months ended 30 June 2019: 33.3%). The decrease in gross profit margin was primarily contributed by the increase in the Group's key raw material prices for the manufacturing business during the period.

Gross profit for the distribution business for the six months ended 30 June 2020 was approximately RM7.5 million (six months ended 30 June 2019: approximately RM6.8 million), representing a relatively stable gross profit margin of 20.3% (six months ended 30 June 2019: 19.0%).

Other income

Other income for the six months ended 30 June 2020 was approximately RM1.4 million, representing an increase of approximately RM0.6 million, or approximately 89.0%, from approximately RM0.7 million for the same period in 2019. The increase was primarily due to, amongst others, increased foreign exchange gain during the period.

Selling and distribution costs

Selling and distribution costs remained stable at approximately RM1.1 million for the six months ended 30 June 2020 and for the same period in 2019.

Administrative and other operating expenses

Administrative and other operating expenses remained stable at approximately RM3.9 million for the six months ended 30 June 2020 and for the same period in 2019.

Finance costs

Finance costs for the six months ended 30 June 2020 were approximately RM43,000, which represented a decrease of approximately RM62,000, or approximately 59.0%, from approximately RM105,000 for the same period in 2019. The decrease was primarily because the Group repaid all interest-bearing borrowings during the six months ended 30 June 2020.

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 HK\$55.2 million, of which approximately HK\$31.9 million (equivalent to approximately RM17.3 million) was directly attributable to the issue of new Shares and deducted from equity in accordance with the relevant accounting standards. The remaining amount of approximately HK\$7.9 million (equivalent to approximately RM4.3 million) were charged to the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2020.

Income tax expenses

Income tax expenses for the six months ended 30 June 2020 were approximately RM2.3 million, representing a decrease of approximately RM0.2 million, or approximately 8.3%, from approximately RM2.5 million for the same period in 2019. Such decrease was primarily due to a significant decrease in profit before tax for the six months ended 30 June 2020.

Profit attributable to equity holders of the Company

As a result of the foregoing, profit for the six months ended 30 June 2020 was approximately RM2.8 million, representing a decrease of approximately RM3.6 million, or approximately 55.8%, from approximately RM6.4 million for the same period in 2019 which was mainly attributable to higher Listing expenses recorded for the six months ended 30 June 2020.

Key financial ratios

	<i>Notes</i>	At 30 June 2020	At 31 December 2019
Current ratio (times)	1	16.3	7.5
Quick ratio (times)	2	11.7	4.6
Gearing ratio (%)	3	<u>—</u>	<u>1.8%</u>

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 interest-bearing borrowings divided by total equity and multiplied by 100%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 June 2020,

- (a) The issued capital of the Company was HK\$5 million (equivalent to approximately RM2.8 million) and the number of its issued Shares was 500,000,000 Shares of HK\$0.01 each.
- (b) The Group had lease liabilities of approximately RM0.3 million (31 December 2019: approximately RM31,000).
- (c) The Company's total equity attributable to owners of the Group was approximately RM137.7 million (31 December 2019: approximately 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 commitments when they fall due; and (iii) maintain adequate liquidity to cover the Group's cash flows and administrative expenses. The Group closely monitors its 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.

DIVIDEND

The Board has resolved not to declare for payment of an interim dividend for the six months ended 30 June 2020.

CAPITAL COMMITMENTS

At 30 June 2020, the Group had no significant capital commitments.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement and the Prospectus, the Group did not have any concrete plan for material investments or capital assets at 30 June 2020.

CONTINGENT LIABILITIES

At 30 June 2020, the Group had no significant contingent liabilities.

FOREIGN CURRENCY RISK

The majority of our purchases are primarily denominated in United States dollars while our sales are primarily denominated in RM. Hence, we are exposed to foreign currency fluctuation risk. Any unfavourable fluctuations in foreign exchange rates may have an adverse impact on our financial performance and profitability. During the six months ended 30 June 2020, the Group had approximately RM41.1 million of purchases denominated in foreign currency.

Although the Group does not enter into any financial instruments to hedge against any foreign currency fluctuations, the Group will continuously monitor the foreign currency fluctuations and take actions as appropriate.

MARKET RISK

As the Group's products are a critical part of a livestock farm's operations in ensuring proper nutrition, health and hygiene of the livestock industry, our business operations are significantly reliant on the performance of the livestock industry, especially on the demand for poultry and swine. Any unfavourable general economic activities, such as recession, may reduce the general demand for food, which in turn affects the demand for poultry and swine.

We may also be affected by any changes in war, terrorist activities and changes in political, economic and regulatory environment which would affect our business and profitability.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2020, the Group had 29 employees (30 June 2019: 28 employees). The Group's employees are invaluable assets of the Group and it is dedicated to managing human capital. Remuneration package offered by the Group includes basic salary, discretionary bonuses, provident fund contributions and allowance. For the six months ended 30 June 2020, the Group's staff costs, including Directors' emoluments, were approximately RM2.8 million (six months ended 30 June 2019: approximately RM2.9 million). The Directors review the performance of the Group's employees on a periodic basis in order to determine salary adjustment and promotions and keep the Group's remuneration package competitive.

USE OF PROCEEDS

The net proceeds of the Group raised from the Listing (the "Net Proceeds") were approximately HK\$72.4 million, after deducting the underwriting fees, commissions and other Listing expenses. At 30 June 2020, approximately HK\$3.6 million of the Net Proceeds had been utilised. At 30 June 2020, the unutilised Net Proceeds of approximately HK\$68.8 million, representing approximately HK\$50.2 million and approximately HK\$18.6 million placed in licensed banks in Hong Kong and a bank in Malaysia, respectively, are intended to be used for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Set out below is a summary of the utilisation of the Net Proceeds:

	Planned use of the Net Proceeds from the Listing Date up to 30 June 2020 HK\$' million	Planned use of the Net Proceeds from the Listing Date up to 30 June 2020 HK\$' million	Actual use of the Net Proceeds from the Listing Date up to 30 June 2020 HK\$' million	Expected Unutilised amount at 30 June 2020 HK\$' million	Expected timeline to use the Net Proceeds
Construct a new manufacturing plant	42.1	11.2	—	42.1	30 June 2021
Acquire/partner with company selling animal feed additives products	13.4	—	—	13.4	31 December 2020
Conduct sales and marketing activities	1.7	—	—	1.7	30 June 2021
Set up a new testing laboratory	3.5	—	—	3.5	30 June 2021
Set up a centralised enterprise resource planning system	3.7	—	—	3.7	31 December 2021
Hire additional workforce	3.0	0.2	—	3.0	31 December 2021
Purchase trucks for logistics services and vehicle for sales personnel	1.4	—	—	1.4	31 December 2020
General working capital (<i>Note</i>)	3.6	N/A	3.6	—	
TOTAL	72.4	11.4	3.6	68.8	

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

The delay in utilisation of the Net Proceeds was mainly due to the MCO imposed by the Malaysian government. Nevertheless, the Group intends to continue to apply the unutilised Net Proceeds of approximately HK\$68.8 million at 30 June 2020 in accordance with the section headed “Future Plans and Use of Proceeds” in the Prospectus, subject to the Malaysian government’s policy on MCO.

SHARE OPTION SCHEME

Pursuant to the written resolutions of all the Shareholders passed on 8 April 2020, the Company adopted a share option scheme (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. No share option has been granted, exercised, expired, cancelled or lapsed under the Share Option Scheme since its adoption date and up to the date of this announcement.

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

The Shares were initially listed on the Main Board of the Stock Exchange on the Listing Date. The Company did not redeem any Share, nor did the Company or any of its subsidiaries purchase or sell any Share from the Listing Date up to 30 June 2020 (the “**Relevant Period**”).

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. Upon making specific enquiries by the Company to the Directors, all the Directors have confirmed that they had complied with the required standards under the Model Code during the Relevant Period.

CORPORATE GOVERNANCE

The Group is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders’ value through good corporate governance. The Company has adopted the code principles of the Corporate Governance Code (“**CG Code**”) in Appendix 14 of the Listing Rules.

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Dato’ Sri Lee Haw Yih has been managing the Group’s business and overall strategic planning for over 20 years. The Directors believe that the vesting of the roles of chairman of the Board (the “**Chairman**”) and chief executive officer of the Company (the “**CEO**”) in Dato’ Sri Lee Haw Yih is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of the Chairman and the CEO as required by code provision A.2.1 of the CG Code. The Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances. Save for the deviation from code provision A.2.1 of the CG Code as stipulated above, the Group has complied with the applicable code provisions under the CG Code during the Relevant Period.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and the Interim Financial Statements. The Interim Financial Statements were not audited and reviewed by the Company’s auditors.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.ritamix-global.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2020 will be despatched to the Shareholders and available on the same websites in due course in the manner as required by the Listing Rules.

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

Hong Kong, 21 August 2020

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.