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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Ritamix Global Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024, together with the relevant comparative figures for the corresponding period in 2023 as follows:

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

For the six months ended 30 June 2024

	<i>Notes</i>	For the six months ended 30 June	
		2024 <i>RM'000</i> <i>(Unaudited)</i>	2023 <i>RM'000</i> <i>(Unaudited)</i>
Revenue	4	59,634	59,123
Cost of sales		<u>(47,243)</u>	<u>(46,330)</u>
Gross profit		12,391	12,793
Other income	5	2,843	1,924
Selling and distribution costs		(1,228)	(1,194)
Administrative and other operating expenses		(7,557)	(5,530)
Interest expenses on lease liabilities		(52)	(18)
Impairment losses (net of reversals of impairment losses) on trade receivables		<u>(241)</u>	<u>(160)</u>
Profit before tax	6	6,156	7,815
Income tax expenses	7	<u>(2,082)</u>	<u>(2,274)</u>
Profit for the period		4,074	5,541
Other comprehensive income for the period			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on consolidation		<u>370</u>	<u>776</u>
Total comprehensive income for the period		<u>4,444</u>	<u>6,317</u>
Profit for the period, attributable to:			
Equity owners of the Company		4,575	5,541
Non-controlling interests		<u>(501)</u>	<u>—</u>
Profit for the period		<u>4,074</u>	<u>5,541</u>
Total comprehensive income for the period, attributable to:			
Equity owners of the Company		4,945	6,317
Non-controlling interests		<u>(501)</u>	<u>—</u>
Total comprehensive income for the period		<u>4,444</u>	<u>6,317</u>
Earnings per share attributable to equity owners of the Company			
Basic and diluted	8	<u>0.86 RM sen</u>	<u>1.17 RM sen</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	<u>15,337</u>	<u>15,593</u>
CURRENT ASSETS			
Inventories		34,942	33,638
Trade and other receivables	11	35,958	31,641
Other investments	12	33,191	31,769
Restricted bank balances		1,421	1,421
Bank balances and cash		<u>56,314</u>	<u>56,449</u>
		<u>161,826</u>	<u>154,918</u>
TOTAL ASSETS		<u>177,163</u>	<u>170,511</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	2,614	2,614
Reserves		<u>162,910</u>	<u>157,965</u>
Total equity attributable to owners of the Company		165,524	160,579
Non-controlling interests		<u>(920)</u>	<u>(419)</u>
TOTAL EQUITY		<u>164,604</u>	<u>160,160</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	14	791	1,071
Deferred tax liability		<u>393</u>	<u>450</u>
		<u>1,184</u>	<u>1,521</u>
CURRENT LIABILITIES			
Trade and other payables	15	10,083	7,703
Lease liabilities	14	692	808
Income tax payable		<u>600</u>	<u>319</u>
		<u>11,375</u>	<u>8,830</u>
TOTAL LIABILITIES		<u>12,559</u>	<u>10,351</u>
TOTAL EQUITY AND LIABILITIES		<u>177,163</u>	<u>170,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>165,788</u>	<u>161,681</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 May 2020 (the "**Listing**").

The Company's immediate and ultimate holding company is Garry-Worth Investment Limited ("**Garry-Worth**"), 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 Room 1910, 19/F, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group's headquarter 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 principally engaged in (i) distribution of animal feed additives and, to a lesser extent, human food ingredient products; and (ii) manufacturing of animal feed additives premixes.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (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 Standards ("**IAS**") 34 "*Interim Financial Reporting*" issued by International Accounting Standards 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 2023, 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 2023 (the "**2023 Financial Statements**") as set out in the Company's annual report for the year ended 31 December 2023.

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 2023 Financial Statements.

2. PRINCIPAL ACCOUNTING POLICIES

The measurement basis used in the preparation of the Interim Financial Statements is historical cost basis, except for equity investment at fair value through other comprehensive income, and other investments, which are measured at fair values.

The accounting policies and methods of computation used in the Interim Financial Statements are consistent with those followed in the preparation of the 2023 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 of the Company, 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 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:

- (a) Animal feed additives products segment: manufacturing and distribution of animal feed additives products; and
- (b) 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 reversal of or provision for loss allowance of trade receivables incurred by each segment without allocation of other income, administrative and other operating expenses, interest expenses on lease liabilities and income tax expenses.

No analysis of the Group's assets and liabilities by operating segments is presented as (1) it is not regularly provided to the CODM for review; and (2) substantially all of the Group's assets of the operating segments were located in Malaysia. 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
<i>For the six months ended 30 June 2024 (Unaudited)</i>			
Revenue from external customers			
— Distribution	32,792	14,445	47,237
— Manufacturing	<u>12,397</u>	<u>—</u>	<u>12,397</u>
	<u>45,189</u>	<u>14,445</u>	<u>59,634</u>
Gross profit			
— Distribution	6,482	2,615	9,097
— Manufacturing	<u>3,294</u>	<u>—</u>	<u>3,294</u>
	9,776	2,615	12,391
Selling and distribution costs	(931)	(297)	(1,228)
Impairment losses (net of reversals of impairment losses) on trade receivables	<u>(241)</u>	<u>—</u>	<u>(241)</u>
Segment results	8,604	2,318	10,922
<i>Unallocated income and expenses</i>			
Other income			2,843
Administrative and other operating expenses			(7,557)
Interest expenses on lease liabilities			<u>(52)</u>
Profit before tax			6,156
Income tax expenses			<u>(2,082)</u>
Profit for the period			<u>4,074</u>
<i>Other information:</i>			
Depreciation of property, plant and equipment (Note i)	72	—	72
Additions to property, plant and equipment (Note ii)	<u>279</u>	<u>—</u>	<u>279</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 2023 (Unaudited)</i>			
Revenue from external customers			
— Distribution	28,631	12,642	41,273
— Manufacturing	<u>17,850</u>	<u>—</u>	<u>17,850</u>
	<u>46,481</u>	<u>12,642</u>	<u>59,123</u>
Gross profit			
— Distribution	5,313	2,504	7,817
— Manufacturing	<u>4,976</u>	<u>—</u>	<u>4,976</u>
	10,289	2,504	12,793
Selling and distribution costs	(939)	(255)	(1,194)
Impairment losses (net of reversals of impairment losses) on trade receivables	<u>(160)</u>	<u>—</u>	<u>(160)</u>
Segment results	9,190	2,249	11,439
<i>Unallocated income and expenses</i>			
Other income			1,924
Administrative and other operating expenses			(5,530)
Interest expenses on lease liabilities			<u>(18)</u>
Profit before tax			7,815
Income tax expenses			<u>(2,274)</u>
Profit for the period			<u>5,541</u>
<i>Other information:</i>			
Depreciation of property, plant and equipment (<i>Note i</i>)	64	—	64
Additions to property, plant and equipment (<i>Note ii</i>)	<u>—</u>	<u>—</u>	<u>—</u>

Notes:

- (i) Depreciation not included in the measure of segment results during the six months ended 30 June 2024 amounted to approximately RM859,000 (*Six months ended 30 June 2023: approximately RM842,000*).
- (ii) Additions to property, plant and equipment not included in the measure of segment results during the six months ended 30 June 2024 amounted to approximately RM397,000 (*Six months ended 30 June 2023: approximately RM1,283,000*).

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 in Malaysia.

Information about major customers

No single customer or group of customers under common control contributed 10.0% or more of the total revenue during the six months ended 30 June 2024 and 2023.

4. REVENUE

	For the six months ended	
	30 June	
	2024	2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<u>Revenue from contracts with customers</u>		
— Distribution income	47,237	41,273
— Manufacturing income	12,397	17,850
	<u>59,634</u>	<u>59,123</u>

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

	For the six months ended	
	30 June	
	2024	2023
	<i>RM'000</i>	<i>RM'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Timing of revenue recognition (at a point in time):		
— Distribution income	47,237	41,273
— Manufacturing income	12,397	17,850
	59,634	59,123

5. OTHER INCOME

	For the six months ended	
	30 June	
	2024	2023
	<i>RM'000</i>	<i>RM'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Bank interest income	908	572
Exchange gain, net	428	364
Gain on disposal of property, plant and equipment	4	62
Fair value gain on other investments	893	—
Investment income arising from other investments	529	642
Sundry income	81	284
	2,843	1,924

6. PROFIT BEFORE TAX

This is stated after charging/(crediting):

	For the six months ended	
	30 June	
	2024	2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits in kind	2,813	2,678
Contributions to defined contribution plans	<u>333</u>	<u>317</u>
Total staff costs (charged to "cost of sales", "selling and distribution costs" and "administrative and other operating expenses", as appropriate)	<u><u>3,146</u></u>	<u><u>2,995</u></u>
Other items		
Auditor's remuneration	148	159
Cost of inventories recognised as expense	47,243	46,330
Depreciation (charged to "cost of goods sold" and "administrative and other operating expenses", as appropriate)	931	906
Fair value gain on other investments	—	(87)
Impairment losses (net of reversals of impairment losses) on trade receivables	<u>241</u>	<u>160</u>

7. INCOME TAX EXPENSES

	For the six months ended	
	30 June	
	2024	2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Current tax		
Income tax	2,139	2,211
Deferred tax		
Changes in temporary differences	<u>(57)</u>	<u>63</u>
	<u><u>2,082</u></u>	<u><u>2,274</u></u>

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

Hong Kong Profits Tax has not been provided for as the Group incurred a loss for taxation purpose in Hong Kong for the six months ended 30 June 2024 and 2023.

The enterprise income tax of the People's Republic of China (the "PRC") has not been provided for as the Group incurred a loss for taxation purpose in the PRC for the six months ended 30 June 2024 and 2023.

Malaysia income tax is calculated at the rate of 24.0% of the Group's estimated assessable profits arising from Malaysia for the six months ended 30 June 2024 and 2023.

8. EARNINGS PER SHARE

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

	For the six months ended	
	30 June	
	2024	2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to the equity owners of the Company, used in basic and diluted earnings per share calculation	<u>4,074</u>	<u>5,541</u>
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>472,000,000</u>	<u>472,000,000</u>

The 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 2024 and 2023.

9. DIVIDENDS

The Board does not declare an interim dividend for the six months ended 30 June 2024 (*Six months ended 30 June 2023: nil*).

10. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets <i>RM'000</i>	Freehold land Buildings <i>RM'000</i>	Leasehold improvements <i>RM'000</i>	Furniture, fixtures and office equipment <i>RM'000</i>	Plant and machineries <i>RM'000</i>	Motor vehicles <i>RM'000</i>	Total <i>RM'000</i>	
Reconciliation of carrying amounts — year ended 31 December 2023								
(Audited)								
At 1 January 2023	84	4,066	8,249	386	450	318	637	14,190
Additions	2,559	—	13	229	446	13	—	3,260
Modification	(12)	—	—	—	—	—	—	(12)
Depreciation	(827)	—	(201)	(175)	(239)	(128)	(275)	(1,845)
At 31 December 2023	<u>1,804</u>	<u>4,066</u>	<u>8,061</u>	<u>440</u>	<u>657</u>	<u>203</u>	<u>362</u>	<u>15,593</u>
Reconciliation of carrying amounts — six months ended 30 June 2024								
(Unaudited)								
At 1 January 2024	1,804	4,066	8,061	440	657	203	362	15,593
Additions	—	—	—	—	68	279	329	676
Disposals	—	—	—	—	(1)	—	—	(1)
Depreciation	(409)	—	(100)	(80)	(137)	(72)	(133)	(931)
At 30 June 2024	<u>1,395</u>	<u>4,066</u>	<u>7,961</u>	<u>360</u>	<u>587</u>	<u>410</u>	<u>558</u>	<u>15,337</u>

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>RM'000</i> <i>(Unaudited)</i>	At 31 December 2023 <i>RM'000</i> <i>(Audited)</i>
Trade receivables	20,471	21,946
Loss allowance	<u>(543)</u>	<u>(302)</u>
	<i>11(a)</i> 19,928	21,644
Other receivables, deposits and prepayments	<u>16,030</u>	<u>9,997</u>
	<u>35,958</u>	<u>31,641</u>

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

As at 30 June 2024 and 31 December 2023, 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. Management of the Group considers the fair value of the pledged property is sufficient to cover the respective trade receivable as at 30 June 2024 and 31 December 2023.

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 2024 <i>RM'000</i> <i>(Unaudited)</i>	At 31 December 2023 <i>RM'000</i> <i>(Audited)</i>
Within 30 days	7,193	8,321
31 to 60 days	6,790	6,672
61 to 90 days	3,137	3,528
Over 90 days	<u>3,351</u>	<u>3,425</u>
	20,471	21,946
Loss allowance	<u>(543)</u>	<u>(302)</u>
	<u>19,928</u>	<u>21,644</u>

12. OTHER INVESTMENTS

	At 30 June 2024 <i>RM'000</i> <i>(Unaudited)</i>	At 31 December 2023 <i>RM'000</i> <i>(Audited)</i>
Unit trusts at fair value	<u>33,191</u>	<u>31,769</u>

The fair values of other investments are measured with reference to the market value of the instruments reported by the fund management company.

13. SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>	<i>Equivalent to approximately RM'000</i>
<i>Ordinary shares of HK\$0.01 each</i>			
Authorised: At 1 January 2023 (Audited), 31 December 2023 (Audited) and 30 June 2024 (Unaudited)	<u>20,000,000,000</u>	<u>200,000</u>	<u>110,426</u>
Issued and fully paid up: At 1 January 2023 (Audited), 31 December 2023 (Audited) and 30 June 2024 (Unaudited)	<u>472,000,000</u>	<u>4,720</u>	<u>2,614</u>

14. LEASES LIABILITIES

	At 30 June 2024 <i>RM'000</i> <i>(Unaudited)</i>	At 31 December 2023 <i>RM'000</i> <i>(Audited)</i>
Current	692	808
Non-current	<u>791</u>	<u>1,071</u>
	<u>1,483</u>	<u>1,879</u>

	2024 RM'000 <i>(Unaudited)</i>	2023 <i>RM'000</i> <i>(Audited)</i>
At 1 January	1,879	87
<i>Cash flows:</i>		
Repayment of lease liabilities	(448)	(886)
<i>Non-cash:</i>		
Interest expenses	52	131
Additions	—	2,559
Modification	—	(12)
	<u>52</u>	<u>2,678</u>
At 30 June/31 December	<u>1,483</u>	<u>1,879</u>

15. TRADE AND OTHER PAYABLES

	<i>Note</i>	At 30 June 2024 RM'000 <i>(Unaudited)</i>	At 31 December 2023 <i>RM'000</i> <i>(Audited)</i>
Trade payables	<i>15(a)</i>	8,766	6,095
Accruals and other payables		1,249	1,502
Contract liabilities		<u>68</u>	<u>106</u>
		<u>10,083</u>	<u>7,703</u>

- (a) As at the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 June 2024 <i>RM'000</i> <i>(Unaudited)</i>	At 31 December 2023 <i>RM'000</i> <i>(Audited)</i>
Within 30 days	6,084	3,935
31 to 60 days	1,467	1,067
61 to 90 days	1,037	1,093
Over 90 days	178	—
	<u>8,766</u>	<u>6,095</u>

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

16. EVENTS AFTER THE REPORTING PERIOD

On 8 August 2024, the Board resolved to utilise the share repurchase mandate, which has been granted to the Directors pursuant to the resolutions of the shareholders of the Company (the “**Shareholders**”) passed 26 June 2024 by actively undertaking an on-market share repurchase programme (the “**Share Repurchase Programme**”) of the Shares in the open market from time to time. The total amount of funds to be used for the repurchase of Shares under the Share Repurchase Programme is no more than HK\$12 million. The period for the Share Repurchase Programme is from 12 August 2024 to 31 December 2024.

To maintain a public float of not less than 25% in accordance with Rule 8.08 of the Listing Rules, the maximum Shares which will be repurchased under the Share Repurchase Programme is 20 million Shares, representing approximately 4.24% of total the aggregate number of the issued Shares as at 26 June 2024.

For further information about the Share Repurchase Programme, please refer to the announcement of the Company dated 9 August 2024. Up to the date of this announcement, the Company did not repurchase Shares under the Share Repurchase Programme.

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 ingredient products; and (ii) manufacturing of animal feed additives premixes.

BUSINESS AND FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2024 was approximately RM59.6 million, representing a slight increase of approximately RM0.5 million, or approximately 0.8% from approximately RM59.1 million for the same period in 2023.

Revenue from the manufacturing business for the six months ended 30 June 2024 was approximately RM12.4 million, accounting for approximately 20.8% of our total revenue and representing a decrease of approximately RM5.5 million, or approximately 30.7%, from approximately RM17.9 million for the same period in 2023. The decrease was due to fierce competition amongst their competitors' selling prices of vitamin and minerals premix products during this interim period.

Revenue from the distribution business for the six months ended 30 June 2024 was approximately RM47.2 million, accounting for approximately 79.2% of our total revenue. It also represents an increase of approximately RM5.9 million, or approximately 14.3%, from approximately RM41.3 million for the same period in 2023.

The increase was mainly due to the group successfully secured some sales contract and also sales made to some of the returning old customers during the financial period. In addition, the increase also contributed by a specific group of customers' demand in our products in line with their business expansion plan during this interim period.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2024 was approximately RM12.4 million (*Six months ended 30 June 2023: approximately RM12.8 million*), representing a gross profit margin of approximately 20.8% (*Six months ended 30 June 2023: approximately 21.6%*).

Gross profit for the manufacturing business for the six months ended 30 June 2024 was approximately RM3.3 million (*Six months ended 30 June 2023: approximately RM5.0 million*), representing a gross profit margin of approximately 26.6% (*Six months ended 30 June 2023: approximately 27.9%*). The decrease in gross profit margin for the manufacturing business was primarily contributed by fierce competition amongst the competitors' sales prices of vitamin and minerals premix products during this interim period.

Gross profit for the distribution business for the six months ended 30 June 2024 was approximately RM9.1 million (*Six months ended 30 June 2023: approximately RM7.8 million*), representing a gross profit margin of approximately 19.3% (*Six months ended 30 June 2023: approximately 18.9%*). The slight increase in gross profit margin was primarily due to higher margin recorded on certain products sold during this interim period as compared to the previous interim period.

Other income

Other income for the six months ended 30 June 2024 was approximately RM2.8 million, representing an increase of approximately RM0.9 million, or approximately 47.4%, from approximately RM1.9 million for the same period in 2023. The increase was primarily due to a higher bank interest income and fair value gain on other investments during this interim period.

Selling and distribution costs

Selling and distribution costs for the six months ended 30 June 2024 was approximately RM1.2 million which remain fairly consistent for the same period in 2023 at approximately RM1.2 million. This is in line with the revenue of the Group during this interim period which is fairly consistent as compared to last financial period.

Administrative and other operating expenses

Administrative and other operating expenses for the six months ended 30 June 2024 were approximately RM7.6 million, representing an increase of approximately RM2.1 million, or approximately 38.2%, from approximately RM5.5 million for the same period in 2023. The increase was due to the expenses incurred by the Company's indirect subsidiaries, Statesino Land & Shore (Hainan) Ltd, in relation to the investment in Matou Village, Dongjiao Town, Wenchang City, Hainan Province in the PRC (the "**Investment**") for the six months period ended 30 June 2024 as compared to 30 June 2023.

Interest expenses on lease liabilities

For the six months ended 30 June 2024 and 2023, the Group recorded interest expenses on lease liabilities of approximately RM52,000 and RM18,000, respectively.

Income tax expenses

Income tax expenses decreased to approximately RM2.1 million for the six months ended 30 June 2024 from approximately RM2.3 million for the same period in 2023, representing a decrease of approximately RM0.2 million or approximately 8.7% due to a decrease in profit before tax of the Group.

Profit attributable to equity owners of the Company

As a result of the foregoing, profit for the six months ended 30 June 2024 was approximately RM4.6 million, representing a decrease of approximately RM0.9 million, or approximately 16.4%, from approximately RM5.5 million for the same period in 2023 which was mainly due to higher administrative and other operating expenses incurred for the Investment as explained above.

Key financial ratios

	Notes	At 30 June 2024	At 31 December 2023
Current ratio (times)	1	14.2	17.5
Quick ratio (times)	2	11.2	13.7
Gearing ratio (%)	3	<u>0.9</u>	<u>1.2</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 total debt which comprised of lease liabilities only divided by total equity.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 June 2024,

- (a) the Company's issued capital was HK\$4.72 million (equivalent to approximately RM2.6 million) and the number of its issued ordinary shares was 472,000,000 shares of HK\$0.01 each. There has been no change in the Company's shares capital since 31 December 2023;
- (b) the Group's restricted bank balances was approximately RM1.4 million (*31 December 2023: approximately RM1.4 million*) and the Group's bank balances and cash was approximately RM56.3 million (*31 December 2023: approximately RM56.4 million*), most of which were denominated in United States Dollars, Hong Kong Dollars and RM;
- (c) the Group did not have any outstanding bank borrowings (*31 December 2023: nil*). The Group had lease liabilities of approximately RM1.5 million (*31 December 2023: approximately RM1.9 million*). All of the lease liabilities were denominated in RM; and
- (d) the Group's total equity attributable to equity owners of the Company was approximately RM165.6 million (*31 December 2023: approximately RM160.6 million*). The capital of the Company mainly comprises share capital and reserves.

During this interim period, there was no change in the capital structure of the Company.

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 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.

The Directors are of the view that the Group has sufficient working capital for its operation.

DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2024 (*Six months ended 30 June 2023: nil*).

PLEDGE OF ASSETS

The Group’s restricted bank balances are bank deposits denominated in RM which carried interest at prevailing market rates and are pledged to secure banking facilities granted to the Group. The total banking facilities granted to the Group amounted to approximately RM6,000,000 and RM6,000,000 as at 30 June 2024 and 31 December 2023, respectively. The Group had not utilised any banking facilities as at 30 June 2024 and 31 December 2023.

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

Save as disclosed below, the Group has no significant investments, material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2024.

Investments in financial assets measured at fair value through profit or loss (“FVTPL”)

The following table sets forth the fair value of the significant investments in the Fund (as defined herein) of the Group as at 30 June 2024:

	For the six months ended 30 June 2024		As at 30 June 2024	Approximate percentage to the total assets as at 30 June 2024	As at 31 December 2023
Financial assets measured at FVTPL	Income Distribution	Fair value gain	Fair value		Fair value
	RM’000	RM’000	RM’000		RM’000

Significant Investments

Affin Hwang Select Bond Fund

(the “Fund”)

	<u>529</u>	<u>893</u>	<u>33,191</u>	18.7%	<u>31,769</u>
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All of the above significant investments were managed by AHAM Asset Management Berhad, an independently managed, institutionally-owned asset management firm in Malaysia that started its roots in 2001 and specialises in customised solutions and invests into equities, bonds, money market, structured products and other alternative investment instruments to generate returns for its clients. There is no redemption or addition to the Fund during the six months ended 30 June 2024.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 24 April 2020, the Group does not have any concrete plan for material investments or capital assets as at 30 June 2024 and up to the date of this announcement.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any contingent liabilities.

FOREIGN CURRENCY RISK

The Group operates mainly in Malaysia, 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, 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 the 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 six months ended 30 June 2024 and 2023.

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, the Group's 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

As at 30 June 2024, the Group had 53 employees (*30 June 2023: 51 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. Remuneration package offered by the Group to its staff includes basic salary, discretionary bonuses, provident fund contributions and allowance. For the six months ended 30 June 2024, the Group's staff costs, including Directors' emoluments, were approximately RM3.1 million (*Six months ended 30 June 2023: approximately RM3.0 million*). Trainings relevant to the employee's post would be given to the employees from time to time. 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.

SIGNIFICANT EVENT

Change of independent non-executive Directors (“INED”) and change in composition of Board committees

The retirement of Mr. Lim Heng Choon (“**Mr. Lim**”) from the Board has become effective from the conclusion of the annual general meeting of the Company held on 26 June 2024 (the “**2024 AGM**”). Following the retirement as an INED, Mr. Lim has ceased to be a member of the audit committee (the “**Audit Committee**”) and the chairman of the nomination committee (the “**Nomination Committee**”) of the Company.

Immediately after the conclusion of the 2024 AGM, Ms. Tee Pao Hwei (“**Ms. Tee**”) has been appointed as an INED, a member of the Audit Committee and the chairman of the Nomination Committee with effect from 26 June 2024.

For further information about the change of INED and change in composition of Board committees, please refer to the announcement of the Company dated 26 June 2024.

USE OF PROCEEDS

The net proceeds (the “**Net Proceeds**”) received by the Company from successfully listed on the Main Board of Stock Exchange on 13 May 2020 (the “**Listing Date**”) through the share offer amounted to approximately HK\$72.4 million, after deducting the underwriting fees, commissions and other listing expenses.

On 4 October 2021, the Board resolved to reallocate the use in its unutilised net proceeds (the “**Unutilised Net Proceeds**”) in acquiring or partnering with a company selling animal feed additives products amounted to approximately HK\$13.4 million to invest in a company engaged in animal feed additives and/or veterinary related industry (the “**Change of Use in Net Proceeds**”), the Board considers that the Change of Use in Net Proceeds will broaden the choices available to the Group when shortlisting investment candidates and will be beneficial to the Company and the Shareholders as a whole. For more information about the Change of Use in Net Proceeds, please refer to the Company’s announcement dated 4 October 2021.

During the period from the Listing Date and up to 30 June 2024 (the “**Relevant Period**”), the Net Proceeds had been applied as follows:

	Planned use of the Net Proceeds HK\$' million	Actual use of the Net Proceeds during the Relevant Period HK\$' million	Unutilised amount at 30 June 2024 HK\$' million	Expected timeline to use the Net Proceeds
Construct a new manufacturing plant ^(Note i)	42.1	—	42.1	31 December 2025
Funding potential investment in company which is engaged in animal feed additives and/or veterinary related industry ^(Note ii)	13.4	7.8	5.6	31 December 2025
Conduct sales and marketing activities ^(Note iii)	1.7	0.9	0.8	31 December 2024
Set up a new testing laboratory ^(Note iv)	3.5	—	3.5	31 December 2025
Set up a centralised Enterprise Resources Planning system ^(Note i)	3.7	—	3.7	31 December 2025
Hire additional workforce ^(Note i)	3.0	1.0	2.0	31 December 2025
Purchase trucks for logistics services and vehicle for sales personnel	1.4	1.4	—	Not applicable
General working capital	3.6	3.6	—	Not applicable
TOTAL	72.4	14.7	57.7	

Note i. Since 2020, the COVID-19 pandemic has adversely impacted the global economy. Several of the Group’s key customers have slowed down their planned business expansion activities, amongst others, including the acquisitions of poultry farms and increasing broiler production capacity. Consequently, the Group experienced delays in securing previously forecasted additional orders from these existing customers. Moreover, the disruption to supply chains caused by COVID-19 had led to shortages of shipping containers and negatively affected the Group’s overseas sales due to logistical challenges. Additionally, outbreaks of animal diseases such as avian influenza (H5N1) and African swine fever in several regions where the Group’s own brand of animal feed additives and premixes are sold have further exacerbated the situation.

Given the circumstances, the Group has opted for a cautious approach and is closely monitoring industry developments. The Group is actively engaging with both existing and potential customers to secure indicative orders. As of the date of this announcement, the Group is finalizing its product demand forecast to evaluate the need and timing for expanding production capacity in a new manufacturing plant. The Group intends to set up a centralised Enterprise Resources Planning system and hire additional workforce after constructing its new manufacturing plant.

Note ii. Despite the economic recovery from the COVID-19 pandemic, the Group has decided to remain cautious with its investments. However, the Group remains committed to actively seeking a suitable investment company. As of the date of this announcement, the Group has not identified any potential investments that meet its criteria.

Note iii. The travel restrictions imposed to combat the COVID-19 outbreak delayed the utilisation of the Net Proceeds in conduct sales and marketing activities. The Group has identified and planned to attend to several international trade events and exhibitions, scheduled visit to potential suppliers and customers, and will conduct training and product seminars in 2024.

Note iv. The Company is currently identifying a suitable location and updating the feasibility report for setting up the new testing laboratory and plans to utilise the Net Proceeds by 31 December 2025.

Looking ahead, the Group will also closely monitor the global economy and continuously assess the appropriate timing for utilizing the Unutilised Net Proceeds. Nonetheless, the Group has been actively exploring suitable business and investment opportunities in line with the planned use of the Net Proceeds as set out per above. Accordingly, it is anticipated that the Utilised Net Proceeds will be fully utilized on or before 31 December 2025. For more information on the expected timeline for used of proceeds, please refer to the Company's announcements dated 27 July 2023 and 27 September 2023.

Further, as at 30 June 2024, 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\$3.0 million (equivalent to approximately HK\$23.7 million). The Company will redeem part of the investment in the fund as and when the Company utilise the Net Proceeds according to the abovementioned planned use. The Company will ensure that there is no adverse impact to the use of the Net Proceeds and no change in the planned use of the Net Proceeds. As at 30 June 2024, the remaining Unutilised Net Proceeds were deposited in licensed banks in Hong Kong and Malaysia.

Overall, the Company will ensure that there is no adverse impact to the use of the Net Proceeds and no change in the planned use of the Net Proceeds.

SHARE OPTION SCHEME

Pursuant to the written resolutions of all the Shareholders passed on 8 April 2020, the Company adopted the 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.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Board to grant options to employees, any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity (the “**Eligible Persons**”) as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibers. Eligible Persons and attract human resources that are valuable to the Group.

(b) Grant of options

Subject to the provisions in the Share Option Scheme, the Directors may grant options at any time and from time to time within a period of 10 years commencing from the date of adoption of the Share Option Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1.00 to grant option to the Eligible Persons.

(c) Maximum number of Shares

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 50,000,000 Shares, being 30% of the total number of Shares (assuming no options are granted under the Share Option Scheme) in

issue on the Listing Date (the “**Scheme Limit**”) unless approved by its Shareholders pursuant to the paragraph below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

The Company may seek separate approval of the Shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares (assuming no options are granted under the Share Option Scheme) in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

(d) Maximum entitlement of each Eligible Person

The total number of Shares issued and which may fail to be issued upon exercise of the options under the Share Option Scheme and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(e) Period for acceptance of an option

An offer under the Share Option Scheme may remain open for acceptance by the Eligible Persons (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made.

(f) Period within which the securities must be exercised under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

(g) Basis for determining the subscription price

The subscription price in respect of any option shall be at the discretion of the Directors, provided that it shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of the Shares on the offer date; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

(h) Remaining life

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

During this interim period, no share options had been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme. As at 30 June 2024, the total number of Shares available for issue under the Share Option Scheme was 50,000,000, representing approximately 10.6% of the entire issued share capital of the Company as at 30 June 2024 and 10.0% of the total number of Shares in issue at the time dealing the Shares first commence on the Stock Exchange.

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 six months ended 30 June 2024.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the requirements set out in the Model Code during the six months ended 30 June 2024.

CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and to protect and enhance the Shareholders' value. The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules.

Code provision C.2.1 of the CG Code provides that the roles of the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**CEO**") should be separated and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual. Dato'Sri Lee Haw Yih currently holds both positions. Since the inception of the Group, 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 the 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. Further, the Company has put in place an appropriate checks and balances mechanism through the Board and three independent non-executive Directors. Accordingly, the Company has not segregated the roles of the Chairman and the CEO as required by code provision C.2.1 of the CG Code. The Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances. Save for the deviation from code provision C.2.1 of the CG Code as stipulated above, the Group has complied with the applicable code provisions under the CG Code during the six months ended 30 June 2024.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 16 of the Interim Financial Statements, there is no event subsequent to the end of 30 June 2024 and up to the date of this announcement which requires disclosure.

AUDIT COMMITTEE

The Audit Committee was established on 8 April 2020 with written terms of reference in compliance with Rule 3.22 of the Listing Rules. The terms of reference are of no less exacting terms than those set out in the code provision D.3.3 and D.3.7 of the CG Code. The Audit Committee comprises of three independent non-executive Directors, namely Mr. Lim Chee Hoong, Ms. Ng Siok Hui and Ms. Tee Pao Hwei. 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 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 auditor.

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

Malaysia, 28 August 2024

As at the date of this announcement, the executive Directors are Dato'Sri Lee Haw Yih 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 Ms. Tee Pao Hwei.