



Sozo Global Limited

(Company Registration No.: 200608505W)
(Malaysian Foreign Company Registration No.: 995221-H)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2010

Unaudited Condensed Consolidated Statement Of Comprehensive Income

	Quarter Ended	Preceding Year Corresponding Quarter	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Year to Date Ended	Year to Date Ended	Year to Date Ended
	30 September 2010	30 September 2009 ⁽¹⁾	30 September 2010	30 September 2009 ⁽¹⁾	30 September 2010	30 September 2009 ⁽¹⁾	30 September 2010	30 September 2009 ⁽¹⁾
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	222,260	175,374	102,795	81,110	614,814	459,999	284,351	212,749
Cost of sales	(145,060)	(107,094)	(67,090)	(49,531)	(408,178)	(291,654)	(188,782)	(134,890)
GP	77,200	68,280	35,705	31,579	206,636	168,345	95,569	77,859
Other operating income	349	618	161	286	2,170	1,638	1,004	758
Selling and distribution expenses	(416)	(205)	(192)	(95)	(1,141)	(1,197)	(528)	(554)
General and administrative expenses	(1,777)	(2,496)	(822)	(1,154)	(5,311)	(5,574)	(2,456)	(2,578)
Other operating expenses	717	(1,614)	332	(746)	(1,942)	(1,653)	(898)	(764)
Operating profits	76,073	64,583	35,184	29,870	200,412	161,559	92,691	74,721
Finance costs	(184)	-	(85)	-	(553)	(54)	(256)	(25)
PBT	75,889	64,583	35,099	29,870	199,859	161,505	92,435	74,696
Taxation	(19,294)	(17,083)	(8,924)	(7,901)	(50,579)	(41,715)	(23,393)	(19,293)
PAT	56,595	47,500	26,175	21,969	149,280	119,790	69,042	55,403
Total comprehensive income after tax	56,595	47,500	26,175	21,969	149,280	119,790	69,042	55,403
Attributable to:-								
- Equity holders of Sozo	56,595	47,500	26,175	21,969	149,280	119,790	69,042	55,403
EPS								
- Basic ⁽²⁾ (RMB cents/ sen)	17.31	15.83	8.01	7.32	48.30	39.93	22.34	18.47
- Diluted ⁽²⁾ (RMB cents/ sen)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Prospectus dated 1 December 2010 (including Proforma Combined Financial Information) and the accompanying explanatory notes attached to this interim financial report.

Note:

- (1) These are the combined financial figures for illustration purpose. It is of the best opinion of the Management that it is more meaningful to use these combined financial figures as Sozo Global Limited only fully completed the restructuring on 25 September 2009.
- (2) The earning per share ("EPS") attributable to the equity holders of the Company is computed based on the total comprehensive income after tax divided by the weighted average number of ordinary shares (Note B12).
- (3) The interim financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1 : RM0.4625 at 30 September 2010 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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Condensed Consolidated Statements Of Financial Position

	Unaudited As at 30 September 2010 RMB'000	Audited As at 31 Dec 2009 RMB'000	Unaudited As at 30 September 2010 RM'000	Audited As at 31 Dec 2009 RM'000
Non-Current Assets				
Property, plant and equipment	57,031	58,370	26,377	26,996
Construction in progress	7,237	6,475	3,347	2,995
Intangible assets	13,930	14,174	6,443	6,555
	78,198	79,019	36,167	36,546
Current Assets				
Inventories	14,272	6,514	6,601	3,013
Trade and other receivables	102,219	47,474	47,276	21,957
Cash and bank balance	427,901	290,952	197,904	134,565
	544,392	344,940	251,781	159,535
TOTAL ASSETS	622,590	423,959	287,948	196,081
Capital and Reserves				
Share capital	77,658	152	35,917	70
Reserves	19,793	19,883	9,154	9,196
Retained earnings	420,255	270,885	194,368	125,284
Total Equity	517,706	290,920	239,439	134,550
Non-Current Liabilities				
Borrowings	12,973	13,769	6,000	6,368
Current Liabilities				
Trade and other payables	72,617	33,269	33,585	15,387
Income tax liabilities	19,294	11,775	8,924	5,446
Borrowings	-	74,226	-	34,330
	91,911	119,270	42,509	55,163
Total Liabilities	104,884	133,039	48,509	61,531
TOTAL EQUITY AND LIABILITIES	622,590	423,959	287,948	196,081
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	1.25	96.97	0.51	44.85

The unaudited Condensed Consolidated Statements Of Financial Position should be read in conjunction with the Prospectus dated 1 December 2010 (including Proforma Combined Financial Information) and the accompanying explanatory notes attached to this interim financial report.

Note:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 30 September 2010 and 31 December 2009 divided by the number of ordinary shares of 412,620,000 and 3,000,000 respectively.
- (2) The interim financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1 : RM0.4625 at 30 September 2010 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

Unaudited Condensed Consolidated Statements Of Changes In Equity

9 months ended 30 September 2010	Share capital	Statutory reserves	Fair value adjustments reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	152	11,646	8,237	270,885	290,920
Issuance of shares	77,506	-	-	-	77,506
Total comprehensive income for the period	-	-	-	149,280	149,280
Transfer to reserves	-	8,147	-	(8,147)	-
At 30 September 2010	<u>77,658</u>	<u>19,793</u>	<u>8,237</u>	<u>412,018</u>	<u>517,706</u>

9 months ended 30 September 2010	Share capital	Statutory reserves	Fair value adjustments reserves	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	70	5,386	3,810	125,284	134,550
Issuance of shares	35,847	-	-	-	35,847
Total comprehensive income for the period	-	-	-	69,042	69,042
Transfer to reserves	-	3,768	-	(3,768)	-
At 30 September 2010	<u>35,917</u>	<u>9,154</u>	<u>3,810</u>	<u>190,558</u>	<u>239,439</u>

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

9 months ended 30 September 2009⁽¹⁾	Share capital	Statutory reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	21,952	16,554	112,346	150,852
Elimination of subsidiary's share capital	(21,800)	-	-	(21,800)
Total comprehensive income for the period	-	-	119,790	119,790
Transfer to reserves	-	12,290	(12,290)	-
At 30 September 2009	<u>152</u>	<u>28,844</u>	<u>219,846</u>	<u>248,842</u>

9 months ended 30 September 2009⁽¹⁾	Share capital	Statutory reserves	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	10,153	7,656	51,960	69,769
Elimination of subsidiary's share capital	(10,083)	-	-	(10,083)
Total comprehensive income for the period	-	-	55,403	55,403
Transfer to reserves	-	5,684	(5,684)	-
At 30 September 2009	<u>70</u>	<u>13,340</u>	<u>101,679</u>	<u>115,089</u>

The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Prospectus dated 1 December 2010 (including Proforma Combined Financial Information) and the accompanying explanatory notes attached to this interim financial report.

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2010	As at 30 September 2009 ⁽¹⁾	As at 30 September 2010	As at 30 September 2009 ⁽¹⁾
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	199,859	161,505	92,435	74,696
Adjustments for:				
Depreciation	3,268	2,546	1,511	1,178
Amortisation	244	245	112	113
Unrealized loss on exchange difference	3,280	-	1,517	-
Gain on fair value adjustment of borrowings	(1,349)	-	(624)	-
Interest expense	553	54	256	25
Interest income	(809)	(218)	(374)	(101)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	205,046	164,132	94,833	75,911
In inventories	(7,758)	(3,457)	(3,588)	(1,599)
In trade and other receivables	(54,745)	(24,529)	(25,319)	(11,345)
In trade and other payables	39,348	(16,539)	18,198	(7,649)
Cash from operations	181,891	119,607	84,124	55,318
Income tax paid	(43,060)	(32,699)	(19,915)	(15,123)
Interest received	809	218	374	101
Net cash generated from operating activities	139,640	87,126	64,583	40,296
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,929)	(717)	(892)	(332)
Payment of construction in progress	(762)	(2,980)	(352)	(1,378)
Net cash used in investing activities	(2,691)	(3,697)	(1,244)	(1,710)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	-	42,286	-	19,557
Repayment of borrowings	-	(10,000)	-	(4,625)
Payment to ex-shareholder for subsidiary company's share	-	(21,800)	-	(10,082)
Interest paid	-	(54)	-	(25)
Net cash generated from financing activities	-	10,432	-	4,825
NET INCREASE IN CASH AND CASH EQUIVALENTS	136,949	93,861	63,339	43,411
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	290,952	124,175	134,565	57,431
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	427,901	218,036	197,904	100,842

The unaudited Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Prospectus dated 1 December 2010 (including Proforma Combined Financial Information) and the accompanying explanatory notes attached to this interim financial report.

Note:

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- (2) The interim financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1 : RM0.4625 at 30 September 2010 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

A. **SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

1. **Basis of preparation**

a) Basis of accounting

The interim financial statements are unaudited and have been prepared in accordance with the International Accounting Standards ("IAS"), IAS 34 Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and should be read in conjunction with the Prospectus dated 1 December 2010 (including Proforma Combined Financial Information) and the accompanying explanatory notes attached to this unaudited interim financial report.

b) Changes in accounting policies

There are no changes in accounting policies for the quarter ended 30 September 2010.

c) Basis of consolidation

(i) Combined financial statements

The Combined Financial Statements comprise the financial statements of the Company and its subsidiary have been prepared using the historical cost method similar to the pooling of interest. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

(ii) Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's financial statements, investments in subsidiary are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2. **Audit report of the Group's preceding annual financial statements**

The Group's audited consolidated financial statements for the financial year ended 31 December 2009 were not subject to any audit qualification.

3. **Seasonality or cyclicity of operation**

The business of the Group was not affected by any significant seasonal and cyclical factors for the current quarter and financial year-to-date.



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4. Unusual items

There were on unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

5. Changes in estimates

There were no material changes in estimates for the current quarter and financial year-to-date.

6. Changes in share capital and debts

Save as disclosed below, there were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial year to date.

Details of the movements in the Company's shares since incorporation up to the date of this report are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Cumulative Issued and Paid-Up Share Capital	
			(No. of Shares)	(SGD)
<u>Ordinary Shares</u>				
12.06.2006	10,000	Cash	10,000	10,000
07.01.2008	20,000	Cash	30,000	30,000
06.02.2008	-	Subdivision of every 1 Share into 100 Shares	3,000,000	30,000
03.02.2010	-	Subdivision	300,000,000	30,000
08.09.2010	112,620,000	Conversion ^(b)	412,620,000	15,392,015
<u>Preference Shares</u>^(a)				
24.09.2009	507,511,165	Cash	507,511,165	5,075,112
19.10.2009	324,807,146	Cash	324,807,146	8,323,183
08.09.2010	-	Conversion ^(b)	-	-

Notes:-

(a) Pertaining to the Redeemable Cumulative and Convertible preference Shares Series A.

(b) All the Redeemable Cumulative and Convertible preference Shares Series A has been converted into ordinary shares in Sozo on 8 September 2010 pursuant to the Conversion.

Our issued and paid-up share capital will be increased to 468,000,000 Shares subsequent to the Public Issue of 55,380,000 Shares.

7. Dividends

No dividends were proposed by the Board of Directors for the current quarter and financial year-to-date.



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8. Segment information

<u>9 months ended 30 September 2010</u>					
	<u>Ready-to- serve Food</u> RMB'000	<u>Frozen Vegetables</u> RMB'000	<u>Canned Food</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
Revenue	500,080	100,831	160	13,743	614,814
Segment results	163,867	35,670	53	7,046	206,636
Other gains					2,170
Unallocated costs					(8,394)
Finance expenses					(553)
Profit before income tax					199,859
Income tax expense					(50,579)
Profit for the period					149,280
Other segment information:					
Depreciation and amortisation					3,512
Capital expenditures					2,691

<u>9 months ended 30 September 2010</u>					
	<u>Ready-to- serve Food</u> RM'000	<u>Frozen Vegetables</u> RM'000	<u>Canned Food</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Revenue	231,287	46,634	74	6,356	284,351
Segment results	75,789	16,497	24	3,259	95,569
Other gains					1,004
Unallocated costs					(3,882)
Finance expenses					(256)
Profit before income tax					92,435
Income tax expense					(23,393)
Profit for the period					69,042
Other segment information:					
Depreciation and amortisation					1,623
Capital expenditures					1,244

Note:

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8. Segment information (continue)

	<u>9 months ended 30 September 2009⁽¹⁾</u>				
	<u>Ready-to-serve Food</u> RMB'000	<u>Frozen Vegetables</u> RMB'000	<u>Canned Food</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
Revenue	319,759	63,996	51,648	24,596	459,999
Segment results	115,998	26,256	13,409	12,682	168,345
Other gains					1,638
Unallocated costs					(8,424)
Finance expenses					(54)
Profit before income tax					161,505
Income tax expense					(41,715)
Profit for the period					119,790
Other segment information:					
Depreciation and amortisation					2,791
Capital expenditures					3,697

	<u>9 months ended 30 September 2009⁽¹⁾</u>				
	<u>Ready-to-serve Food</u> RM'000	<u>Frozen Vegetables</u> RM'000	<u>Canned Food</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Revenue	147,888	29,598	23,887	11,376	212,749
Segment results	53,649	12,143	6,202	5,865	77,859
Other gains					758
Unallocated costs					(3,896)
Finance expenses					(25)
Profit before income tax					74,696
Income tax expense					(19,293)
Profit for the period					55,403
Other segment information:					
Depreciation and amortisation					1,291
Capital expenditures					1,710

Note:

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9. Subsequent events

There were no material events subsequent to the end of the financial year ended 31 December 2009 that have not been reflected in this quarterly report as at the date of this report. The Company is expected to be listed on Main Market of Bursa Malaysia on 17 December 2010.

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

11. Contingent liability or assets

There were no material contingent liabilities or assets which may have material effect on the financial position of the Group.

12. Property, plant and equipment

The Group acquired an additional property, plant and equipment amounting to RMB0.21 million (RM0.10 million) and RMB2.69 million (RM1.24) million for current quarter and financial year-to-date respectively.

13. Capital commitment

Save as disclosed below, the Group is not aware of any material commitments, which upon becoming enforceable may have a material effect on the financial position of our Group:-

	RMB'000	RM'000
Unpaid capital contribution in Rizhao Hengbao	28,811 ^(a)	13,325 ^(a)
Capital expenditure for waste water treatment plant	1,263	584

(a) Will be fulfilled by Sozo upon completion of the Listing.

14. Significant related party transactions

Key management personnel compensation is analysed as follows:

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Salaries and other short-term employee benefits	145	67	457	211
Post employment benefits	6	3	19	9



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B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS

1. Review of the performance of the Group

Our revenue increased by approximately RMB154.81 million or approximately 33.65% from approximately RMB460.0 million in preceding year to date ended 30 September 2009 (“FPE 2009”) to approximately RMB614.81 million in current year to date ended 30 September 2010 (“FPE 2010”) mainly due to increase in sales of our RTS Food and frozen vegetables.

Sales of RTS Food increased by approximately RMB180.32 million or approximately 56.39% from approximately RMB319.76 million in FPE 2009 to approximately RMB500.08 million in FPE 2010 mainly due to increase in sales of duck RTS Food products, spring rolls, frozen omelette as well as some new products to our new and existing customers.

Sales of duck RTS Food products increased by approximately RMB68.02 million or approximately 51.72% from approximately RMB131.52 million in FPE 2009 to approximately RMB199.54 million in FPE 2010.

Sales of frozen vegetables increased by approximately RMB36.83 million or approximately 57.55% from approximately RMB64.0 million in FPE 2009 to approximately RMB100.83 million in FPE 2010 mainly due to increase in sales of gourmet potato products and fried mushroom to our new customers.

For FPE 2010, our Group recorded gross profit (“GP”) and profit after taxation (“PAT”) of approximately RMB206.64 million (RM95.57 million) and RMB149.28 million (RM69.04 million) respectively, representing 22.74% and 24.62% growth as compare to FPE 2009. For FPE 2010, our GP margin and PAT margin were approximately 33.61% and 24.28% respectively, which are fairly consistent with the track records of our Group.

2. Variation of results against immediate preceding quarter

Not applicable as this is the first interim financial report prepared.

3. Prospects for FYE 2011

According to the IMF-World Economic Outlook report (October 2010), the global economy is expected to grow by 4.8% pa and 4.2% pa in 2010 and 2011 respectively, and growth in the People’s Republic of China (PRC) expected to sustain at 10.5% pa and 9.6% pa in these two years. Industry studies have also indicated that the ‘Ready-To-Serve’ (RTS) foods industry in the PRC’s Shandong Province, where our operations are primarily located, is expected to achieve a CAGR of 13.0%, and export revenue from the province to have a CAGR of 12.3% from the period 2009 to 2015.

Such growth in economic activities will continue to be the key driver for our business as a one-stop gourmet convenient food specialist for both the PRC and global markets.

Plans are in place to introduce new and additional production capacity in the second half of FYE 2011, particularly focusing on duck RTS food products. This would be timely in allowing us to further capture growing demand from our core markets of Japan, Europe, USA and the tier-one cities of the PRC. In addition to expanding the capacity of its RTS food production, the Group will invest an approximate RM30 million (partly financed from IPO proceeds) to set up its own modern poultry farming and processing plant. When completed, the vertical integration is expected to produce substantial improvements in the Group’s average gross margin.

It is also our intention to introduce new products / product varieties and to pursue new markets in our effort to increase market share and sustain growth. One of our focuses in FYE 2011 is to successfully penetrate SE Asia markets to expand our geographical reach.

Barring any unforeseen circumstances, the Board of Directors believes that the Group’s prospects for FYE 2011 would remain favourable.



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4. Profit forecast

Our Group does not have any profit forecast or guarantee in the public documents other than those disclosed in prospectus dated 1 December 2010 with respect to financial year ended 31 December 2009.

5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Income tax expenses	19,294	8,924	50,579	23,393

PRC Tax

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate is 25% for current quarter and financial year-to-date.

Singapore tax

No provision for Singapore profits tax made as the Group has no assessable profits subject to Singapore tax for current quarter and financial year-to-date.

The effective tax rate of the Group for the current quarter and financial year-to-date were approximately 25.31% as compared to the applicable tax rate of 25%. This is mainly due to certain non-deductible expenses.

6. Sales of unquoted investment / properties

There were no sales of unquoted investments / properties in the current financial quarter and financial year-to-date.

7. Purchase or disposal of quoted securities

There were no purchase or dispose of quoted securities for the current financial quarter and financial year-to-date.

8. Status of corporate proposals and utilization proceeds

As an integral part of the listing of and quotation for the entire issued and paid up share capital of the Company on the Main Market of Bursa Securities (as stated in the Company's Prospectus dated 1 December 2010), the Company has undertaken the followings;

(i) *Convertible Loan and RCCPS*

The Company entered into Convertible Loan Agreements on 7 April 2008, 22 August 2009, 29 December 2008, 29 March 2009 and 31 March 2009, 25 May 2009, 26 May 2009 and 1 June 2009 and Supplemental Agreements on 22 August 2009 and 25 September 2009 with various strategic investors wherein the investors agreed to grant the Company convertible loan facility of an aggregate amount of S\$6,055,000 and RM2,400,000 in consideration of the right to convert the full sum of the convertible loan into fully paid new ordinary shares of the Company.

On 27 August 2009, the Company entered into subscription agreement for Redeemable Cumulative and Convertible preference Shares Series A in Sozo ("RCCPS) with a strategic investor which allows RCCPS to be converted into fully paid ordinary shares in the share capital of the Company. On 24 September 2009 and 19 October 2009 respectively, the Company allotted 507,511,165 RCCPS and 324,807,146 RCCPS of S\$0.01 each for cash to this strategic investor.

The conversion of Convertible Loan and RCCPS was completed on 8 September 2010 resulted in the issued and paid-up capital of the Company increased from SGD8,353,183 comprising 300,000,000 ordinary shares and 832,318,311 preference shares respectively to SGD15,392,015 comprising 412,620,000 ordinary shares.



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8. Status of corporate proposals and utilization proceeds (continue)

(ii) *Public Issue*

Our company proposes to implement a public issue of 55,380,000 new Shares at an issue price of RM0.80 per Share.

(iii) *Listing*

Upon completion of the Public Issue, the entire enlarged issued and paid-up share capital comprising 468,000,000 Shares on the Main Market.

(iv) *Utilization of IPO proceeds*

The gross proceeds of RM44,304,000 from the Public Issue are expected to be utilised in the following manner:-

	Amount RM'000	Expected Utilisation Period After Our Listing
(i) Setting up of a modern poultry farming and breeding facility	5,000	Within 24 months
(ii) Setting up of a modern poultry processing facility	5,000	Within 24 months
(iii) Setting up of a third production plant and corporate headquarters building in PRC	15,000	Within 24 months
(iv) Construction of Halal food processing facility in Malaysia	5,000	Within 24 months
(v) Working capital	4,304	Within 12 months
(vi) Estimated listing expenses	10,000	Within 6 months
Total	44,304	



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9. Group borrowings and debt securities

The Group's borrowings and debt securities as of 30 September 2010 were as follows:

	RMB'000	RM'000
Loans - unsecured	12,973 ^(a)	6,000

Loans - unsecured

On 25 September 2009, the subsidiary company has entered into loan agreement with Shen Hengbao, Meng Xiangzhen, Wu Fang, Yao Zhifang and Shi Geli (collectively referred to as the "Ex-shareholders") amounting to RMB21.80 million. The loan is interest free. The tenure of the loan is 10 years and will be automatically renewed for another 10 years unless the Directors decide that the loan is no longer required.

Notes:-

(a) *After incorporating the fair value adjustment made on the loan from shareholders amounting to RMB21.80 million.*

10. Off-balance sheet financial instrument risks

There are no financial instruments with off-balance sheet risks as at the date of this report.

11. Changes in material litigation

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

12. Earning per share

Basic Earning per Share

	Quarter Ended	Preceding Year Corresponding Quarter	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Year to Date Ended	Year to Date Ended	Year to Date Ended
	30 September 2010	30 September 2009 ⁽¹⁾	30 September 2010	30 September 2009 ⁽¹⁾	30 September 2010	30 September 2009 ⁽¹⁾	30 September 2010	30 September 2009 ⁽¹⁾
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit attributable to equity holders of the company	56,595	47,500	26,175	21,969	149,280	119,790	69,042	55,403
Weighted average number of ordinary share in issue ('000)	326,931	300,000 ⁽²⁾	326,931	300,000 ⁽²⁾	309,076	300,000 ⁽²⁾	309,076	300,000 ⁽²⁾
EPS - Basic (RMB cents/ sen)	17.31	15.83	8.01	7.32	48.30	39.93	22.34	18.47

Note:

- (1) These are the combined financial figures for illustration purpose. It is of the best opinion of the Management that it is more meaningful to use these combined financial figures as Sozo Global Limited only fully completed the restructuring on 25 September 2009.
- (2) The 300,000,000 shares is derived after sub-division and before conversion solely for comparative purpose.

13. Audit report of the Group's preceding annual financial statements

Our Group's audited financial statements for the financial year ended 31 December 2009 were not subject to any audit qualification.

By Order of the Board

SHEN HENGBAO
Chief Executive Officer