



Sozo Global Limited

(Company Registration No.: 200608505W)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED
 31 DECEMBER 2010

Unaudited Condensed Consolidated Statement Of Comprehensive Income

| | Quarter Ended 31 December 2010 | Preceding Year Corresponding Quarter 31 December 2009 | Quarter Ended 31 December 2010 | Preceding Year Corresponding Quarter 31 December 2009 | Year to Date Ended 31 December 2010 | Year to Date Ended 31 December 2009 | Year to Date Ended 31 December 2010 | Year to Date Ended 31 December 2009 |
|---|--------------------------------------|---|--------------------------------------|---|--|--|--|--|
| | RMB'000 | RMB'000 | RM'000 | RM'000 | RMB'000 | RMB'000 | RM'000 | RM'000 |
| Revenue | 200,680 | 148,776 | 93,918 | 69,627 | 815,494 | 608,775 | 381,651 | 284,907 |
| Cost of sales | (122,378) | (102,792) | (57,273) | (48,107) | (530,557) | (394,446) | (248,301) | (184,601) |
| Gross Profit | 78,302 | 45,984 | 36,645 | 21,520 | 284,937 | 214,329 | 133,350 | 100,306 |
| Other operating income | (872) | 163 | (408) | 76 | 1,298 | 1,801 | 607 | 843 |
| Selling and distribution expenses | (290) | (215) | (136) | (101) | (1,431) | (1,412) | (670) | (661) |
| General and administrative expenses | (2,529) | (2,014) | (1,184) | (943) | (7,840) | (7,588) | (3,669) | (3,551) |
| Other operating expenses | (1,006) | 1,016 | (471) | 476 | (2,949) | (637) | (1,380) | (298) |
| Operating profits | 73,605 | 44,934 | 34,446 | 21,028 | 274,015 | 206,493 | 128,238 | 96,639 |
| Finance costs | (114) | (206) | (53) | (96) | (667) | (260) | (312) | (122) |
| Profit Before Taxation | 73,491 | 44,728 | 34,393 | 20,932 | 273,348 | 206,233 | 127,926 | 96,517 |
| Taxation | (21,846) | (10,886) | (10,223) | (5,094) | (72,424) | (52,601) | (33,894) | (24,617) |
| Profit After Taxation | 51,645 | 33,842 | 24,170 | 15,838 | 200,924 | 153,632 | 94,032 | 71,900 |
| Other comprehensive income for the year or period – Fair Value Adjustment on Borrowings | - | 8,237 | - | 3,855 | - | 8,237 | - | 3,855 |
| Total comprehensive income after tax | 51,645 | 42,079 | 24,170 | 19,693 | 200,924 | 161,869 | 94,032 | 75,755 |



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Unaudited Condensed Consolidated Statement Of Comprehensive Income (continue)

| | Quarter Ended 31 December 2010 RMB'000 | Preceding Year Corresponding Quarter 31 December 2009 RMB'000 | Quarter Ended 31 December 2010 RM'000 | Preceding Year Corresponding Quarter 31 December 2009 RM'000 | Year to Date Ended 31 December 2010 RMB'000 | Year to Date Ended 31 December 2009 RMB'000 | Year to Date Ended 31 December 2010 RM'000 | Year to Date Ended 31 December 2009 RM'000 |
|---|--|--|---|---|---|---|--|--|
| Profit attributable to:- - Equity holders of Sozo | 51,645 | 33,842 | 24,170 | 15,838 | 200,924 | 153,632 | 94,032 | 71,900 |
| Total comprehensive income attributable to:- - Equity holders of Sozo | 51,645 | 42,079 | 24,170 | 19,693 | 200,924 | 161,869 | 94,032 | 75,755 |
| Earning Per Share | | | | | | | | |
| - Basic (RMB cents/ sen) | 12.21 | 11.28 | 5.72 | 5.28 | 59.49 | 51.21 | 27.84 | 23.97 |
| - Diluted (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 Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this financial report.

Note:

- (1) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1 : RM0.4680 at 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 2010

Condensed Consolidated Statements Of Financial Position

| | Unaudited As at 31 December 2010 RMB'000 | Audited As at 31 December 2009 RMB'000 | Unaudited As at 31 December 2010 RM'000 | Audited As at 31 December 2009 RM'000 |
|---|---|---|--|--|
| Non-Current Assets | | | | |
| Property, plant and equipment | 55,356 | 58,370 | 25,906 | 27,317 |
| Construction in progress | 7,237 | 6,475 | 3,387 | 3,030 |
| Intangible assets | 13,848 | 14,174 | 6,481 | 6,634 |
| | 76,441 | 79,019 | 35,774 | 36,981 |
| Current Assets | | | | |
| Inventories | 7,636 | 6,514 | 3,574 | 3,048 |
| Trade and other receivables | 67,933 | 47,474 | 31,793 | 22,218 |
| Cash and bank balance | 563,603 | 290,952 | 263,766 | 136,166 |
| | 639,172 | 344,940 | 299,133 | 161,432 |
| TOTAL ASSETS | 715,613 | 423,959 | 334,907 | 198,413 |
| Capital and Reserves | | | | |
| Share capital | 146,161 | 152 | 68,403 | 71 |
| Reserves | 61,273 | 40,489 | 28,676 | 18,949 |
| Retained earnings | 430,420 | 250,280 | 201,436 | 117,131 |
| Total Equity | 637,854 | 290,921 | 298,515 | 136,151 |
| Non-Current Liabilities | | | | |
| Borrowings | 14,436 | 13,769 | 6,756 | 6,444 |
| Current Liabilities | | | | |
| Trade and other payables | 43,978 | 33,268 | 20,582 | 15,569 |
| Income tax liabilities | 19,345 | 11,775 | 9,054 | 5,511 |
| Borrowings | - | 74,226 | - | 34,738 |
| | 63,323 | 119,269 | 29,636 | 55,818 |
| Total Liabilities | 77,759 | 133,038 | 36,392 | 62,262 |
| TOTAL EQUITY AND LIABILITIES | 715,613 | 423,959 | 334,907 | 198,413 |
| Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾ | 1.36 | 96.97 | 0.64 | 45.38 |

The unaudited Condensed Consolidated Statements Of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this 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 31 December 2010 and 31 December 2009 divided by the number of ordinary shares of 468,000,000 and 3,000,000 respectively.
- (2) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1 : RM0.4680 at 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 2010

Unaudited Condensed Consolidated Statements Of Changes In Equity

| 12 months ended 31 December 2010 | Share capital | Statutory reserves | Fair value adjustments | Retained earnings | Total equity |
|--|----------------|--------------------|------------------------|-------------------|----------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2010 | 152 | 32,252 | 8,237 | 250,280 | 290,921 |
| Issuance of new shares pursuant to initial public offering | 171,739 | - | - | - | 171,739 |
| Share issue expenses | (25,730) | - | - | - | (25,730) |
| Total comprehensive income for the year | - | - | - | 200,924 | 200,924 |
| Transfer to reserves | - | 20,784 | - | (20,784) | - |
| At 31 December 2010 | <u>146,161</u> | <u>53,036</u> | <u>8,237</u> | <u>430,420</u> | <u>637,854</u> |

| 12 months ended 31 December 2010 | Share capital | Statutory reserves | Fair value adjustments | Retained earnings | Total equity |
|--|---------------|--------------------|------------------------|-------------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2010 | 71 | 15,094 | 3,855 | 117,131 | 136,151 |
| Issuance of new shares pursuant to initial public offering | 80,374 | - | - | - | 80,374 |
| Share issue expenses | (12,042) | - | - | - | (12,042) |
| Total comprehensive income for the year | - | - | - | 94,032 | 94,032 |
| Transfer to reserves | - | 9,727 | - | (9,727) | - |
| At 31 December 2010 | <u>68,403</u> | <u>24,821</u> | <u>3,855</u> | <u>201,436</u> | <u>298,515</u> |

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

| 12 months ended 31 December 2009 | 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 2009 | 152 | 16,554 | - | 112,346 | 129,052 |
| Total comprehensive income for the year | - | - | 8,237 | 153,632 | 161,869 |
| Transfer to reserves | - | 15,698 | - | (15,698) | - |
| At 31 December 2009 | <u>152</u> | <u>32,252</u> | <u>8,237</u> | <u>250,280</u> | <u>290,921</u> |

| 12 months ended 31 December 2009 | 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 2009 | 71 | 7,747 | - | 52,578 | 60,396 |
| Total comprehensive income for the year | - | - | 3,855 | 71,900 | 75,755 |
| Transfer to reserves | - | 7,347 | - | (7,347) | - |
| At 31 December 2009 | <u>71</u> | <u>15,094</u> | <u>3,855</u> | <u>117,131</u> | <u>136,151</u> |

The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this financial report.

Note:

- (1) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1 : RM0.4680 at 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 2010

Unaudited Condensed Consolidated Statements Of Cash Flow

| | As at 31 December 2010 | As at 31 December 2009 | As at 31 December 2010 | As at 31 December 2009 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | RMB'000 | RMB'000 | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before income tax | 273,348 | 206,233 | 127,926 | 96,517 |
| Adjustments for: | | | | |
| Depreciation | 4,374 | 3,489 | 2,047 | 1,633 |
| Amortisation | 326 | 327 | 153 | 153 |
| Unrealized loss on exchange difference | - | 1,337 | - | 625 |
| Allowance for impairment loss | 585 | - | 274 | - |
| Interest expense | 667 | 260 | 312 | 122 |
| Interest income | (1,287) | (381) | (602) | (178) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 278,013 | 211,265 | 130,110 | 98,872 |
| In inventories | (1,122) | (3,781) | (525) | (1,769) |
| In trade and other receivables | (20,459) | 5,490 | (9,575) | 2,569 |
| In trade and other payables | 8,210 | (34,874) | 3,843 | (16,321) |
| Cash from operations | 264,642 | 178,100 | 123,853 | 83,351 |
| Income tax paid | (62,354) | (48,891) | (29,182) | (22,881) |
| Interest received | 1,287 | 381 | 602 | 178 |
| Net cash generated from operating activities | 203,575 | 129,590 | 95,273 | 60,648 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | (1,945) | (962) | (910) | (450) |
| Payment of construction in progress | (762) | (9,475) | (357) | (4,434) |
| Net cash used in investing activities | (2,707) | (10,437) | (1,267) | (4,884) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from borrowings | - | 79,478 | - | 37,195 |
| Repayment of borrowings | - | (10,000) | - | (4,680) |
| Payment to ex-shareholder for subsidiary company's share | - | (21,800) | - | (10,202) |
| Net proceeds from issue of new shares pursuant to initial public offering | 71,783 | - | 33,594 | - |
| Interest paid | - | (54) | - | (25) |
| Net cash generated from financing activities | 71,783 | 47,624 | 33,594 | 22,288 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 272,651 | 166,777 | 127,600 | 78,052 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | 290,952 | 124,175 | 136,166 | 58,114 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 563,603 | 290,952 | 263,766 | 136,166 |

The unaudited Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this financial report.

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

A. **SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

1. **Basis of preparation**

a) Basis of accounting

The 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 Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this unaudited financial report.

b) Changes in accounting policies

There are no changes in accounting policies for the quarter ended 31 December 2010.

c) Basis of consolidation

A business combination involving entities under common controls is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The consolidated financial statements of the Group have been prepared using the historical cost method similar to the pooling of interest as it is a common control business combination. Under the historical cost method, the acquired assets and liabilities are recorded at their existing carrying amounts. Consistent accounting policies are applied for like transactions and events in similar circumstances. 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 recognized 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.

4. **Unusual items**

There were no 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.



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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 |
| 14.12.2010 | 55,380,000 | Pursuant to Public Issue | 468,000,000 | 33,839,716 |
| <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.

7. Dividends

No dividends were declared or paid by the Group in the current quarter under review.



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8. Segment information

| <u>12 months ended 31 December 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 | 665,700 | 135,892 | 160 | 13,742 | 815,494 |
| Segment results | 225,649 | 52,189 | 53 | 7,046 | 284,937 |
| Other gains | | | | | 1,298 |
| Unallocated costs | | | | | (12,220) |
| Finance expenses | | | | | (667) |
| Profit before income tax | | | | | 273,348 |
| Income tax expense | | | | | (72,424) |
| Profit for the year | | | | | 200,924 |
| Other segment information: | | | | | |
| Depreciation and amortisation | | | | | 4,700 |
| Capital expenditures | | | | | 2,707 |

| <u>12 months ended 31 December 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 | 311,548 | 63,597 | 75 | 6,431 | 381,651 |
| Segment results | 105,604 | 24,424 | 25 | 3,297 | 133,350 |
| Other gains | | | | | 607 |
| Unallocated costs | | | | | (5,719) |
| Finance expenses | | | | | (312) |
| Profit before income tax | | | | | 127,926 |
| Income tax expense | | | | | (33,894) |
| Profit for the year | | | | | 94,032 |
| Other segment information: | | | | | |
| Depreciation and amortisation | | | | | 2,200 |
| Capital expenditures | | | | | 1,267 |

Note:

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8. Segment information (continue)

| 12 months ended 31 December 2009 | | | | | |
|---|-----------------------------------|---------------------------------|---------------------------|----------------------|---------------------|
| | <u>Ready-to-serve Food</u> | <u>Frozen Vegetables</u> | <u>Canned Food</u> | <u>Others</u> | <u>Total</u> |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | 445,918 | 73,431 | 51,950 | 37,476 | 608,775 |
| Segment results | 151,342 | 30,238 | 13,534 | 19,215 | 214,329 |
| Other gains | | | | | 1,801 |
| Unallocated costs | | | | | (9,637) |
| Finance expenses | | | | | (260) |
| Profit before income tax | | | | | 206,233 |
| Income tax expense | | | | | (52,601) |
| Profit for the period | | | | | 153,632 |
| Other segment information: | | | | | |
| Depreciation and amortisation | | | | | 3,816 |
| Capital expenditures | | | | | 10,437 |

| 12 months ended 31 December 2009 | | | | | |
|---|-----------------------------------|---------------------------------|---------------------------|----------------------|---------------------|
| | <u>Ready-to-serve Food</u> | <u>Frozen Vegetables</u> | <u>Canned Food</u> | <u>Others</u> | <u>Total</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 208,689 | 34,366 | 24,313 | 17,539 | 284,907 |
| Segment results | 70,828 | 14,151 | 6,334 | 8,993 | 100,306 |
| Other gains | | | | | 843 |
| Unallocated costs | | | | | (4,510) |
| Finance expenses | | | | | (122) |
| Profit before income tax | | | | | 96,517 |
| Income tax expense | | | | | (24,617) |
| Profit for the period | | | | | 71,900 |
| Other segment information: | | | | | |
| Depreciation and amortisation | | | | | 1,786 |
| Capital expenditures | | | | | 4,884 |

Note:

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9. Subsequent events

There were no material events as at the date of this announcement that will affect the results of the financial year under review.

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 RMB0.02 million (RM0.01 million) and RMB2.71 million (RM1.27 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 | 10,201 ^(a) | 4,774 ^(a) |
| Capital expenditure for waste water treatment plant | 1,263 | 591 |

(a) In Dec 2010, the registered share capital of Rizhao Hengbao has been increased by RMB60.0 million from RMB80.80 million to RMB140.80 million. Approximately RMB130.60 million was fulfilled by way of capital injection, out of which approximately RMB78.61 million was from IPO proceeds.

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 | 156 | 73 | 613 | 287 |
| Post employment benefits | 7 | 3 | 26 | 12 |



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

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

1. Review of the performance of the Group

Our revenue increased by approximately RMB206.71 million or approximately 33.95% from approximately RMB608.78 million in preceding year ended 31 December 2009 (“FYE 2009”) to approximately RMB815.49 million in current year ended 31 December 2010 (“FYE 2010”) mainly due to increase in sales of our RTS Food and frozen vegetables.

Sales of RTS Food increased by approximately RMB219.78 million or approximately 49.29% from approximately RMB445.92 million in FYE 2009 to approximately RMB665.70 million in FYE 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 RMB69.10 million or approximately 35.25% from approximately RMB196.02 million in FYE 2009 to approximately RMB265.12 million in FYE 2010.

Sales of frozen vegetables increased by approximately RMB62.46 million or approximately 85.06% from approximately RMB73.43 million in FYE 2009 to approximately RMB135.89 million in FYE 2010 mainly due to increase in sales of gourmet potato products and fried mushroom to our existing and new customers.

In FYE 2010, our Group recorded gross profit (“GP”) and profit after taxation (“PAT”) of approximately RMB284.94 million (RM133.35 million) and RMB200.92 million (RM94.03 million) respectively, representing 32.94% and 30.78% growth as compare to FYE 2009. Our GP margin and PAT margin in FYE 2010 were approximately 34.94% and 24.64% respectively, which are fairly consistent with the track records of our Group.

2. Variation of results against immediate preceding quarter

| | Current Quarter 31 December 2010 | | Preceding Quarter 30 September 2010 | |
|------------------------|-------------------------------------|--------|--|---------|
| | RMB'000 | RM'000 | RMB'000 | RM'000 |
| Revenue | 200,680 | 93,918 | 222,260 | 104,018 |
| Profit Before Taxation | 73,491 | 34,393 | 75,889 | 35,516 |
| Profit After Taxation | 51,645 | 24,170 | 56,595 | 26,486 |

The Group recorded revenue of RMB200.68 million in the current quarter, which is approximately RMB21.58 million lower than RMB222.26 million in the immediate preceding quarter. This was mainly due to festival season in December where orders have been fulfilled especially in preceding quarter.

The GP margin for current quarter is 39.02% as compare to 34.73% in preceding quarter mainly due to increase in sales of certain higher margin duck RTS Food products and high margin gourmet potato products.

The PBT margin and PAT margin for the current quarter are 36.62% and 25.74% respectively, compare to 34.14% and 25.46% respectively for preceding quarter, mainly due to improvement in GP margin.



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3. Prospects for FYE 2011

In FY2011, the Group expects its growth to continue to be underpinned by its Ready-To-Serve (“RTS”) segment, in particular cooked duck meat RTS food products which was launched in the second half of FY2008.

The Group is optimistic about the growth prospects of its RTS segment. Industry studies have shown that the RTS foods industry and export revenue from Shandong Province are expected to achieve a compounded annual growth rate of approximately 13.0% and 12.3% respectively from 2009 to 2015. The Group expects that as consumers become more affluent, demand for high quality convenient food products, in particular, RTS food products will increase over time.

To further enhance its position as the largest manufacturer of cooked duck meat products for export purposes in Shandong Province, the Group will commence construction of its third manufacturing plant as well as its modern poultry farming and processing plant in [2nd quarter 2011] (collectively referred to as the “New Facilities”). Barring unforeseen circumstances, the Group expects the New Facilities to commence commercial production by the [1st quarter of 2012]. Furthermore, the Group intends to finalise plans for its halal plant by 2nd half of FY2011.

Barring unforeseen circumstances, the Group is optimistic about its performance in FY2011

4. Profit forecast

Our Group does not have any profit forecast or guarantee in the public documents.

5. Income tax expenses

| | Individual Quarter | | Cumulative Quarter | |
|---------------------|--------------------|--------|--------------------|--------|
| | RMB'000 | RM'000 | RMB'000 | RM'000 |
| Income tax expenses | 21,846 | 10,223 | 72,424 | 33,894 |
| | | | | |

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 26.50% 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.



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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.

(ii) *Public Issue*

Our company allotted 55,380,000 new Shares at an issue price of RM0.80 per Share.

(iii) *Listing*

Upon listing on 17 December 2010, 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:-

| | Proposed Utilization Amount RM'000 | Actual Utilization Amount RM'000 | Deviation Amount RM'000 | Expected Utilisation Period After Our Listing |
|---|---|---|-------------------------------|---|
| (i) Setting up of a modern poultry farming and breeding facility | 5,000 | - | N/A | Within 24 months |
| (ii) Setting up of a modern poultry processing facility | 5,000 | - | N/A | Within 24 months |
| (iii) Setting up of a third production plant and corporate headquarters building in PRC | 15,000 | - | N/A | Within 24 months |
| (iv) Construction of Halal food processing facility in Malaysia | 5,000 | - | N/A | Within 24 months |
| (v) Working capital | 4,304 | - | N/A | Within 12 months |
| (vi) Estimated listing expenses | 10,000 | 12,097 | (2,097) | Within 6 months |
| Total | 44,304 | 12,097 | | |



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9. Group's borrowings and debt securities

The Group's borrowings and debt securities as of 31 December 2010 were as follows:

| | RMB'000 | RM'000 |
|-------------------|-----------------------|--------|
| Loans - unsecured | 14,436 ^(a) | 6,756 |

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.

12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 31 December 2010 and 31 December 2009 are analysed as below:

| | Current Financial Year | | Preceding Financial Year | |
|--|------------------------|---------|--------------------------|--------------------|
| | RMB'000 | RM'000 | RMB'000 | RM'000 |
| Total Retained Earnings of the Company and its subsidiary: | | | | |
| - Realised | 430,848 | 201,636 | N/A ^(a) | N/A ^(a) |
| - Unrealised | (428) | (200) | N/A ^(a) | N/A ^(a) |
| Total Group Retained Earnings | 430,420 | 201,436 | N/A ^(a) | N/A ^(a) |

(a) Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure.



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13. 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 |
|---|------------------|--------------------------------------|------------------|--------------------------------------|--------------------|------------------------|--------------------|------------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| | RMB'000 | RMB'000 | RM'000 | RM'000 | RMB'000 | RMB'000 | RM'000 | RM'000 |
| Profit attributable to equity holders of the company | 51,645 | 33,842 | 24,170 | 15,838 | 200,924 | 153,632 | 94,032 | 71,900 |
| Weighted average number of ordinary share in issue ('000) | 422,853 | 300,000 ⁽¹⁾ | 422,853 | 300,000 ⁽¹⁾ | 337,754 | 300,000 ⁽¹⁾ | 337,754 | 300,000 ⁽¹⁾ |
| Earning Per Share - Basic (RMB cents/ sen) | 12.21 | 11.28 | 5.72 | 5.28 | 59.49 | 51.21 | 27.84 | 23.97 |

Note:

(1) The 300,000,000 shares is derived after sub-division and before conversion solely for comparative purpose.

By Order of the Board

SHEN HENGBAO
Chief Executive Officer