



## **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 2011

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

#### 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 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	221,447	222,260	110,524	110,930	627,135	614,814	313,003	306,854
Cost of sales	(140,978)	(145,060)	(70362)	(72,399)	(380,107)	(408,178)	(189,712)	(203,722)
Gross Profit	80,469	77,200	40,162	38,531	247,028	206,636	123,292	103,132
Other operating income	458	349	228	174	1,303	2,170	650	1,083
Selling and distribution expenses	(474)	(416)	(237)	(208)	(1,412)	(1,141)	(705)	(569)
General and administrative expenses	(4,204)	(1,777)	(2,098)	(887)	(7,816)	(5,311)	(3,901)	(2,651)
Other operating expenses	(133)	717	(66)	358	(272)	(1,942)	(135)	(969)
Operating profits	76,116	76,073	37,991	37,968	238,831	200,412	119,201	100,026
Finance costs	(175)	(184)	(87)	(92)	(524)	(553)	(262)	(276)
Profit Before Taxation	75,941	75,889	37,902	37,876	238,307	199,859	118,939	99,750
Taxation	(17,586)	(19,294)	(8,777)	(9,630)	(58,385)	(50,579)	(29,140)	(25,244)
Profit After Taxation	58,355	56,595	29,125	28,246	179,922	149,280	89,799	74,506
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	58,355	56,595	29,125	28,246	179,922	149,280	89,799	74,506



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

#### Unaudited Condensed Consolidated Statement Of Comprehensive Income (continue)

	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 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit attributable to:- - Equity holders of Sozo	58,355	56,595	29,125	28,246	179,922	149,280	89,799	74,506
Total comprehensive income attributable to:- - Equity holders of Sozo	58,355	56,595	29,125	28,246	179,922	149,280	89,799	74,506
Earning Per Share								
- Basic (RMB cents/ sen)	12.47	17.31	6.22	8.64	38.44	45.66	19.19	22.79
- Diluted (RMB cents/ sen)	N/A	13.72	N/A	6.85	N/A	36.18	N/A	18.06

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this financial report.

Note:

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 : RM0.4991 at 30 September 2011 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 2011

#### Condensed Consolidated Statements Of Financial Position

	Unaudited As at 30 September 2011	Audited As at 31 December 2010	Unaudited As at 30 September 2011	Audited As at 31 December 2010
	RMB'000	RMB'000	RM'000	RM'000
<b>Non-Current Assets</b>				
Property, plant and equipment	52,845	55,356	26,375	27,628
Construction in progress	69,037	7,237	34,456	3,612
Intangible assets	130,919	13,848	65,342	6,911
	252,801	76,441	126,173	38,151
<b>Current Assets</b>				
Inventories	46,251	7,636	23,084	3,811
Trade and other receivables	82,922	67,933	41,386	33,906
Cash and bank balance	560,260	563,603	279,625	281,294
	689,433	639,172	344,095	319,011
<b>TOTAL ASSETS</b>	942,234	715,613	470,268	357,162
<b>Capital and Reserves</b>				
Share capital	146,161	146,161	72,949	72,949
Reserves	79,346	61,273	39,601	30,581
Retained earnings	575,391	430,420	287,178	214,823
<b>Total Equity</b>	800,898	637,854	399,728	318,353
<b>Non-Current Liabilities</b>				
Borrowings	14,960	14,436	13,665	7,205
<b>Current Liabilities</b>				
Trade and other payables	69,492	43,978	34,683	21,949
Short term borrowing	22,420	-	4,991	-
Income tax liabilities	17,586	19,345	8,777	9,655
Dividend payable	16,878	-	8,424	-
	126,376	63,323	56,875	31,604
<b>Total Liabilities</b>	141,336	77,759	70,540	38,809
<b>TOTAL EQUITY AND LIABILITIES</b>	942,234	715,613	470,268	357,162
Net asset per share attributable to equity holders of the Company (RMB / RM) <sup>(1)</sup>	1.71	1.36	0.85	0.68

The unaudited Condensed Consolidated Statements Of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 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 30 September 2011 and 31 December 2010 divided by the number of ordinary shares of 468,000,000
- (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 : RM0.4991 at 30 September 2011 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  
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Unaudited Condensed Consolidated Statements Of Changes In Equity

9 months ended 30 September 2011	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 2011	146,161	53,036	8,237	430,420	637,854
Total comprehensive income for the period	-	-	-	179,922	179,922
Transfer to reserves	-	18,073	-	(18,073)	-
Dividend in respect of the financial ended: - 31 December 2010	-	-	-	(16,878)	(16,878)
At 30 September 2011	<u>146,161</u>	<u>71,109</u>	<u>8,237</u>	<u>575,391</u>	<u>800,898</u>

9 months ended 30 September 2011	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 2011	72,949	26,470	4,111	214,823	318,353
Total comprehensive income for the period	-	-	-	89,799	89,799
Transfer to reserves	-	9,020	-	(9,020)	-
Dividend in respect of the financial ended: - 31 December 2010	-	-	-	(8,424)	(8,424)
At 30 September 2011	<u>72,949</u>	<u>35,490</u>	<u>4,111</u>	<u>287,178</u>	<u>399,728</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED  
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Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

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	270,886	290,921
Issuance of share	77,506	-	-	-	77,506
Total comprehensive income for the period	-	-	-	149,280	149,280
Transfer to reserves	-	8,148	-	(8,148)	-
At 30 September 2010	<u>77,658</u>	<u>19,794</u>	<u>8,237</u>	<u>412,018</u>	<u>517,707</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	76	5,812	4,111	135,199	145,198
Issuance of share	38,683	-	-	-	38,683
Total comprehensive income for the period	-	-	-	74,506	74,506
Transfer to reserves	-	4,067	-	(4,067)	-
At 30 September 2010	<u>38,759</u>	<u>9,879</u>	<u>4,111</u>	<u>205,638</u>	<u>258,387</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 2010 and the accompanying explanatory notes attached to this financial report.

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

#### Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 Sept 2011	As at 30 Sept 2010	As at 30 Sept 2011	As at 30 Sept 2010
	RMB'000	RMB'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	238,307	199,859	118,939	99,750
Adjustments for:				
Depreciation	3,002	3,268	1,498	1,631
Amortisation	2,507	244	1,251	122
Exchange difference arising from translation	-	3,280	-	1,637
Interest expense	524	553	262	276
Gain on fair value adjustment of borrowing	-	(1,349)	-	(673)
Interest income	(1,303)	(809)	(650)	(404)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	243,037	205,046	121,300	102,338
In inventories	(38,615)	(7,758)	(19,273)	(3,872)
In trade and other receivables	(14,989)	(54,745)	(7,481)	(27,323)
In trade and other payables	25,514	39,348	12,734	19,639
<b>Cash from operations</b>	214,947	181,891	107,280	90,782
Income tax paid	(60,144)	(43,060)	(30,018)	(21,491)
Interest received	1,303	809	650	404
<b>Net cash generated from operating activities</b>	156,106	139,640	77,912	69,694
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(491)	(1,929)	(245)	(963)
Purchase of intangible assets	(119,578)	(762)	(59,681)	(380)
Payment of construction in progress	(61,800)	-	(30,844)	-
<b>Net cash used in investing activities</b>	(181,869)	(2,691)	(90,771)	(1,343)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Proceeds from borrowing	10,000	-	4,991	-
Shareholder Loan	12,420	-	6,199	-
<b>Net cash generated from financing activity</b>	22,420	-	11,190	-
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,343)	136,949	(1,669)	68,351
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	563,603	290,952	281,294	145,214
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	560,260	427,901	279,625	213,565

The unaudited Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this financial report.

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

#### A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

##### 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 2010 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 30 September 2011.

c) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary made up to the end of the financial period.

The Group was formed as a result of the restructuring exercise undertaken on 25 September 2009 for the purpose of the Company's listing on the main market of the Bursa Malaysia Securities Berhad. The acquisition of 100% equity in the subsidiary, namely Rizhao Hengbao Foodstuffs Co., Ltd pursuant to the restructuring exercise under common control has been accounted for using the pooling-of-interest method. Under the pooling-of-interest method, the consolidated financial statements of the Group have been presented as if the Group structure immediately after the restructuring has been in existence since the earliest financial year presented. The assets and liabilities were brought into the consolidated statement of financial position at their existing carrying amounts. The pooling-of-interest method will continue to be used for the entities in existence up to the Group's reorganization exercise.

All inter-company balances and significant inter-company transactions and resulting unrealized profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial period are included or excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Where accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

##### 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 2010 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 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.

**6. Changes in share capital and debts**

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

**7. Dividends**

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

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

#### 8. Segment information

	<b>Financial period ended 30 September 2011</b>				
	<b><u>Ready-to-serve Food</u></b> RMB'000	<b><u>Frozen Vegetables</u></b> RMB'000	<b><u>Canned Food</u></b> RMB'000	<b><u>Others</u></b> RMB'000	<b><u>Total</u></b> RMB'000
Revenue	523,787	97,870	-	5,479	627,136
<b>Segment results</b>	198,591	46,425	-	2,012	247,028
Other gains					1,303
Unallocated costs					(9,500)
Finance expenses					(524)
Profit before income tax					238,307
Income tax expense					(58,385)
<b>Profit for the period</b>					<b>179,922</b>
<b>Other segment information:</b>					
Depreciation and amortisation					2,065
Capital expenditures					181,869

	<b>Financial period ended 30 September 2011</b>				
	<b><u>Ready-to-serve Food</u></b> RM'000	<b><u>Frozen Vegetables</u></b> RM'000	<b><u>Canned Food</u></b> RM'000	<b><u>Others</u></b> RM'000	<b><u>Total</u></b> RM'000
Revenue	261,422	48,847	-	2,735	313,003
<b>Segment results</b>	99,117	23,171	-	1,004	123,292
Other gains					650
Unallocated costs					(4,741)
Finance expenses					(262)
Profit before income tax					118,939
Income tax expense					(29,140)
<b>Profit for the period</b>					<b>89,799</b>
<b>Other segment information:</b>					
Depreciation and amortisation					1,031
Capital expenditures					90,771

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

#### 8. Segment information (continue)

<b>Financial period ended 30 September 2010</b>					
	<b><u>Ready-to-serve Food</u></b> RMB'000	<b><u>Frozen Vegetables</u></b> RMB'000	<b><u>Canned Food</u></b> RMB'000	<b><u>Others</u></b> RMB'000	<b><u>Total</u></b> RMB'000
Revenue	500,080	100,831	160	13,743	614,814
<b>Segment results</b>	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)
<b>Profit for the period</b>					149,280
<b>Other segment information:</b>					
Depreciation and amortisation					3,512
Capital expenditures					2,691

<b>Financial period ended 30 September 2010</b>					
	<b><u>Ready-to-serve Food</u></b> RM'000	<b><u>Frozen Vegetables</u></b> RM'000	<b><u>Canned Food</u></b> RM'000	<b><u>Others</u></b> RM'000	<b><u>Total</u></b> RM'000
Revenue	249,590	50,325	80	6,859	306,854
<b>Segment results</b>	81,786	17,803	26	3,517	103,132
Other gains					1,083
Unallocated costs					(4,189)
Finance expenses					(276)
Profit before income tax					99,750
Income tax expense					(25,244)
<b>Profit for the period</b>					74,506
<b>Other segment information:</b>					
Depreciation and amortisation					1,753
Capital expenditures					1,343

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 current quarter and financial year-to-date.

**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. Non-current assets**

During the financial period ended 30 September 2011, the Group acquired additional non-current assets of total RMB 181.9 million (equivalent to RM 90.8 million) of non-current assets and these consist of land use rights at RMB119.6 million (equivalent to RM59.7 million) and construction in progress facilities at RMB61.8 million.

The details and purpose of the acquisition of land use rights was announce in the previous announcement dated 28 July 2011(the '28 July 2011 Announcement'). For this financial period between 1 July 2011 to 30 September 2011, the Group has received a rebate of RMB50.5 million (equivalent to RM25.2 million) as explained in the 28 July 2011 announcement. The construction in progress facilities were mainly for the construction of the third production plants, duck-slaughtering plant and production facilities for duck farming business.

**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	1,213	605
Construction of Duck Poultry and Slaughter factory, Duck Egg laying Farm, Duck Incubation Farm, Duckling Nurture Farm, Testing and R&D Centre and Third Factory	144,631	72,185

**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	132	66	377	188
Post employment benefits	3	2	10	5



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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

##### **1. Review of the performance of the Group**

Our revenue increased by RMB12.3 million or approximately 2.0% from RMB614.8 million in financial period ended 30 September 2010 ("FPE 2010") to RMB627.1million in financial period ended 30 September 2011 ("FPE 2011") were mainly due to increase in selling price of ready-to-serve products ("RTS") which was a result of the general price increased for foods in People's Republic of China (PRC).

Sales of other products has decreased approximately RMB8.2 million (59.9%) from RMB13.7 million in FPE2010 to RMB5.5 million in FPE2011 mainly due to the decrease of sales of asparagus tea products.

In FPE 2011, our Group recorded gross profit ("GP") and profit after taxation ("PAT") of RMB247.0 million (RM123.3 million) and RMB179.9 million (RM89.8 million) respectively, representing 19.5% and 20.5% growth as compared to the same for FPE 2010. Gross profit margin increased from 33.6% to 39.4% as a result of our focus on higher profit margin RTS food products and the successful of passing on of general increase in food costs (being our material costs) to our customers.

The reduction of other operating income from RMB2.2 million in FPE2010 to RMB1.3 million in FPE2011 was mainly due to the fair value adjustment of shareholders' loan in FPE2010.

The reduction of other operating expenses from RMB1.9 million in FPE2010 to RMB0.3 million in FPE2011 was mainly due to the reduction of foreign exchange losses where the cash and cash equivalent deposited outside of People's Republic of China (PRC) in foreign currencies is less than FPE2010.

Our Group's inventories increased from RMB7.6 million in FPE2010 to RMB46.2 million in FPE2011 as a result of the purchase of more raw material for amid the concerns of general increase in cost of raw materials required for our food products. Trade and other receivables were marginally increased from RMB67.9 million in FPE2010 to RMB 82.9 million in FPE2011, in line with the increase in our Group's Revenue. The increased in trade and other payables from RMB44.0 million at FPE2010 to RMB69.5 million in FPE2011 was mainly due to better credit worthiness achieved upon the successful listing of our company on Bursa Malaysia and the result of increase of inventories level.

The explanation of the increased in non-current assets is available in the note 12 below.



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#### 2. Variation of results against immediate preceding quarter

	Current Quarter 30 September 2011		Preceding Quarter 30 June 2011	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	221,447	110,524	218,599	109,102
Profit Before Taxation	75,941	37,902	88,236	44,039
Profit After Taxation	58,355	29,125	65,808	32,845

The Group recorded revenue of RMB221.4 million in the current quarter, which is approximately RMB2.8 million higher than RMB218.6 million in the immediate preceding quarter. The increase in Revenue for the current quarter is mainly due to the increase in selling price of our RTS food products.

The GP margin for current quarter is 39.4% as compared to 41.27% in the preceding quarter mainly due to increase in raw material prices in certain products which were not able to pass the general increase of materials prices to customers.

The PBT margin and PAT margin for the current quarter are 34.3% and 26.4% respectively, compare to 40.4% and 30.1% respectively for preceding quarter, mainly due to the increase in the amortisation of intangible assets of RMB2.5million (RM1.2million).

#### 3. Prospects for FYE 2011

RTS segment is a growing market around the world due to lifestyle changes, especially in the cities of developed countries. The Group is not expecting a surge in growth for FYE2011 due to the scarcity of duck meat supply and the optimum utilization of the existing facilities.

The Group has invested and will continuing investing capital expenditure for its modern poultry farming and breeding facilities in order to supply for its RTS foods production line. During the period, the Group had invested RMB181.4 million (RM90.5 million) for 7 parcel of Land and construction costs for the new facilities. The investments would be able to reduce the cost of sourcing of the raw duck meat and will further improve the earning of the Group.

The modern poultry processing facilities and third production plant which are expected to start contributing in FYE2012 have commenced construction in the 2<sup>nd</sup> quarter 2011.

The Group has been continuously exploring Halal complied food producer and land for our set up in Malaysia. To-date, the group has identified certain Halal food producer and land for further discussion and negotiation of entering into contract.

Base on the performance for the quarter ended 30 September 2011, barring unforeseen circumstances, the Group is optimistic about its growth in FYE2011 despite the scarcity of duck meat supply and optimum utilization of the existing capacities.

#### 4. Profit forecast

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



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#### 5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Income tax expenses	17,586	8,777	58,385	29,140

#### 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 income tax was 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 23.16% and 24.50% respectively as compared to the applicable tax rate of 25%.

#### 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 disposal of quoted securities for the current financial quarter and financial year-to-date.

#### 8. Status of utilization of proceeds

The status of the gross proceeds of RM44,304,000 from the Public Issue are as follows:-

	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	56,407 <sup>(b)</sup>	(51,407) <sup>(a)</sup>	Within 24 months
(ii) Setting up of a modern poultry processing facility	5,000	7,010 <sup>(b)</sup>	(2,010) <sup>(a)</sup>	Within 24 months
(iii) Setting up of a third production plant and corporate headquarters building in PRC	15,000	16,501 <sup>(b)</sup>	(1,501) <sup>(a)</sup>	Within 24 months
(iv) Construction of Halal food processing facility in Malaysia	5,000	-	N/A	Within 24 months
(v) Working capital	4,304	4,304	-	Within 12 months
(vi) Estimated listing expenses	10,000	12,097	(2,097) <sup>(a)</sup>	Within 6 months
<b>Total</b>	<b>44,304</b>	<b>96,319</b>		

Notes:-

(a) The deviation is financed through internal generated fund of the Group.

(b) The Group had spent RMB170.1million (RM84.9 million) for the acquisition of 7 parcels of land for setting up the poultry farming, breeding, processing, third production plant and corporate headquarters building during the period. In the current quarter, there was an amount of RMB50.5 million (RM25.2 million) refunds to the group as rebate from this



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*acquisition, resulted that the acquisition price being reduced to RMB 119.6 million (RM 59.7 million)*

#### 9. Group's borrowings and debt securities

The Group's borrowings and debt securities as of 30 September 2011 were as follows:

	RMB'000	RM'000
Loans – unsecured*	10,000	4,991
Loans – unsecured	14,960 <sup>(a)</sup>	7,466
Loans – unsecured**	12,420	620

#### Loans – unsecured\*

This loan is interest free and repayable in 1 year.

#### Loans - unsecured

On 25 September 2009, the subsidiary company entered into a loan agreement with Shen Hengbao, Meng Xiangzhen, Wu Fang, Yao Zhifang and Shi Geli (collectively referred to as the “Ultimate-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) *(a)After incorporating the fair value adjustment made on the loan from Ex-shareholders amounting to RMB21.80 million.*

#### Loans – unsecured\*\*

On 3<sup>rd</sup> October 2011, the Company entered into a loan agreement with Strategic Capital Partners Pte. Ltd. (the “Shareholder” with 0.37% shareholding of the Group) amounting to RMB17.5 million of which RMB12.4 million had been drawn down during the period ended 30 September 2011. The purpose of the said loan is for working capital. The said loan is extended to the Company at interest rate of 8% per annum and is repayable at the end of financial year 2011.

#### 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 30 September 2011 and 31 December 2010 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	575,379	287,172	430,848	215,036
- Unrealised	12	6	(428)	(214)
Total Group Retained Earnings	575,391	287,178	430,420	214,823





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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
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit attributable to equity holders of the company	58,355	56,595	29,125	28,247	179,922	149,280	89,799	74,506
Weighted average number of ordinary share in issue ('000)	468,000	326,931 <sup>(1)</sup>	468,000	326,931 <sup>(1)</sup>	468,000	326,931 <sup>(1)</sup>	468,000	326,931 <sup>(1)</sup>
Earning Per Share - Basic (RMB cents/ sen)	12.47	17.31	6.22	8.64	38.44	45.66	19.19	22.79

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