



## **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 2011

#### Contents

Unaudited Condensed Consolidated Statements Of Comprehensive Income

Condensed Consolidated Statements Of Financial Position

Unaudited Condensed Consolidated Statements Of Changes in Equity

Unaudited Condensed Consolidated Statements Of Cash Flow

Notes to the Interim Financial Report

Additional information



## 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 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
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	210,941	200,680	106,188	101,022	838,076	815,494	421,887	410,520
Cost of sales	(142,114)	(122,378)	(71,540)	(61,605)	(522,221)	(530,557)	(262,886)	(267,082)
Gross Profit	68,827	78,302	34,648	39,417	315,855	284,937	159,001	143,438
Other operating income	466	(872)	235	(439)	1,769	1,298	890	653
Selling and distribution expenses	(639)	(290)	(322)	(146)	(2,051)	(1,431)	(1,032)	(720)
General and administrative expenses	(6,092)	(5,029)	(3,067)	(2,532)	(13,907)	(10,340)	(7,001)	(5,205)
Other operating expenses	(575)	(1,006)	(289)	(506)	(846)	(2,949)	(426)	(1,485)
Operating profits	61,987	71,105	31,205	35,794	300,820	271,515	151,432	136,681
Finance costs	(532)	(114)	(268)	(57)	(1,057)	(667)	(532)	(336)
Profit Before Taxation	61,455	70,991	30,937	35,737	299,763	270,848	150,900	136,345
Taxation	(16,865)	(19,346)	(8,490)	(9,739)	(75,250)	(69,924)	(37,881)	(35,200)
Profit After Taxation	44,590	51,645	22,447	25,998	224,513	200,924	113,019	101,145
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	44,590	51,645	22,447	25,998	224,513	200,924	113,019	101,145



## 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 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
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit attributable to:- - Equity holders of Sozo	44,590	51,645	22,447	25,998	224,513	200,924	113,019	101,145
Total comprehensive income attributable to:- - Equity holders of Sozo	44,590	51,645	22,447	25,998	224,513	200,924	113,019	101,145
Earning Per Share *								
- Basic (RMB cents/ sen)	9.52	15.29	4.79	7.70	47.97	59.49	24.15	29.97
- 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 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 : RM0.5034 at 31 December 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.

For the purpose of computation of Earning Per Share for FYE2010, number of shares of 337,754,000



## 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 2011

#### Condensed Consolidated Statements of Financial Positions

	Unaudited As at 31 December 2011 RMB'000	Audited As at 31 December 2010 RMB'000	Unaudited As at 31 December 2011 RM'000	Audited As at 31 December 2010 RM'000
<b><u>Non-Current Assets</u></b>				
Property, plant and equipment	51,604	55,356	25,977	27,866
Construction in progress	173,486	7,237	87,333	3,643
Intangible assets	130,815	13,848	65,853	6,971
	355,905	76,441	179,163	38,480
<b><u>Current Assets</u></b>				
Inventories	16,963	7,636	8,539	3,844
Trade and other receivables	90,547	67,933	45,581	34,197
Cash and bank balance	534,171	563,603	268,902	283,718
	641,681	639,172	323,022	321,759
<b>TOTAL ASSETS</b>	<b>997,586</b>	<b>715,613</b>	<b>502,185</b>	<b>360,239</b>
<b><u>Capital and Reserves</u></b>				
Share capital	146,161	146,161	73,577	73,577
Reserves	84,327	61,273	42,450	30,845
Retained earnings	615,001	430,420	309,591	216,673
<b>Total Equity</b>	<b>845,489</b>	<b>637,854</b>	<b>425,618</b>	<b>321,095</b>
<b><u>Non-Current Liabilities</u></b>				
Borrowings	15,134	14,436	7,620	7,267
<b><u>Current Liabilities</u></b>				
Trade and other payables	97,815	43,978	49,240	22,139
Short term borrowing	10,000	-	5,034	-
Income tax liabilities	14,845	19,345	7,473	9,738
Amount due to shareholders	13,054	-	6,571	-
Amount due to directors	1,248	-	629	-
	136,963	63,323	68,947	31,877
<b>Total Liabilities</b>	<b>150,848</b>	<b>77,759</b>	<b>75,938</b>	<b>39,144</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>997,586</b>	<b>715,613</b>	<b>502,185</b>	<b>360,239</b>
Net asset per share attributable to equity holders of the Company (RMB / RM) <sup>(i)</sup>	1.81	1.36	0.91	0.68

The unaudited Condensed Consolidated Statements of Financial Positions 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 31 December 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 : RM0.5034 at 31 December 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.



## 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 2011

#### Unaudited Condensed Consolidated Statements Of Changes In Equity

<b>12 months ended 31 December 2011</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2011	146,161	53,036	8,237	430,420	637,854
Total comprehensive income for the period	-	-	-	224,513	224,513
Transfer to reserves	-	23,054	-	(23,054)	-
Dividend in respect of the financial ended: - 31 December 2010	-	-	-	(16,878)	(16,878)
At 31 December 2011	<u>146,161</u>	<u>76,090</u>	<u>8,237</u>	<u>615,001</u>	<u>845,489</u>

<b>12 months ended 31 December 2011</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2011	73,577	26,698	4,147	216,673	321,095
Total comprehensive income for the period	-	-	-	113,019	113,019
Transfer to reserves	-	11,605	-	(11,605)	-
Dividend in respect of the financial ended: - 31 December 2010	-	-	-	(8,497)	(8,497)
At 31 December 2011	<u>73,577</u>	<u>38,303</u>	<u>4,147</u>	<u>309,591</u>	<u>425,618</u>

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 : RM0.5034 at 31 December 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.



## 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 2011

#### Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

<b>12 months ended 31 December 2010</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2010	152	32,252	8,237	250,280	290,921
Issuance of share	146,009	-	-	-	146,009
Total comprehensive income for the period	-	-	-	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>

<b>12 months ended 31 December 2010</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2010	76	16,236	4,147	125,991	146,450
Issuance of share	73,501	-	-	-	73,501
Total comprehensive income for the period	-	-	-	101,145	101,145
Transfer to reserves	-	10,463	-	(10,463)	-
At 31 December 2010	<u>73,577</u>	<u>26,699</u>	<u>4,147</u>	<u>216,673</u>	<u>321,095</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.

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 : RM0.5034 at 31 December 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.



## 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 2011

#### Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 31 Dec 2011	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2010
	RMB'000	RMB'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	229,763	270,848	150,900	136,345
Adjustments for:				
Depreciation	4,078	4,374	2,053	2,202
Amortisation	2,719	326	1,369	164
Allowance for impairment loss on Property, Plant & Equipment	-	585	-	294
Interest expense	1,057	667	532	336
Interest income	(1,769)	(1,287)	(891)	(648)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	305,848	275,513	153,963	138,693
In inventories	(9,327)	(1,122)	(4,695)	(565)
In trade and other receivables	(22,614)	(20,459)	(11,384)	(10,299)
In trade and other payables	55,086	10,710	27,730	5,391
<b>Cash from operations</b>	328,993	264,642	165,615	133,220
Income tax paid	(79,750)	(62,354)	(40,146)	(31,389)
Interest received	1,769	1,287	891	648
<b>Net cash generated from operating activities</b>	251,012	203,575	126,359	102,479
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(325)	(1,945)	(164)	(979)
Purchase of intangible assets	(119,686)	-	(60,250)	-
Payment of construction in progress	(166,249)	(762)	(83,690)	(384)
<b>Net cash used in investing activities</b>	(286,260)	(2,707)	(144,104)	(1,363)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net Proceeds from issues of new shares	-	71,783	-	36,136
Proceed from borrowing	10,000	-	5,034	-
Advance from Shareholder	12,696	-	6,391	-
Payment of dividend	(16,878)	-	(8,496)	-
<b>Net cash generated from financing activities</b>	5,818	71,783	2,929	36,136
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(29,432)	272,651	(14,815)	137,252
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	563,603	290,952	283,717	146,465
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	534,171	563,603	268,902	283,717

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.

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 : RM0.5034 at 31 December 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.



**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 2011

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

**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.





## 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 2011

#### 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.

The Board of Director intends to declare final dividend of 18% (exempt) for the financial year ended 31 December 2011, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

#### 8. Segment information

<b>Financial Year Ended 31 December 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	667,497	118,664	-	51,915	838,076
<b>Segment results</b>	245,547	53,470	-	16,838	315,855
Other gains					1,769
Unallocated costs					(16,805)
Finance expenses					(1,057)
Profit before income tax					299,763
Income tax expense					(75,250)
<b>Profit for the period</b>					<b>224,513</b>
<b>Other segment information:</b>					
Depreciation and amortisation					6,797
Capital expenditures					286,260

<b>Financial Year Ended 31 December 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	336,018	59,735	-	26,134	421,887
<b>Segment results</b>	123,608	26,917	-	8,476	159,001
Other gains					891
Unallocated costs					(8,459)
Finance expenses					(533)
Profit before income tax					150,900
Income tax expense					(37,881)
<b>Profit for the period</b>					<b>113,019</b>
<b>Other segment information:</b>					
Depreciation and amortisation					3,422
Capital expenditures					144,104



## 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 2011

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 : RM0.5034 at 31 December 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.

#### 8. Segment information (continue)

<b>Financial period ended 31 December 2010</b>					
	<b><u>Ready-to-serve Food</u></b>	<b><u>Frozen Vegetables</u></b>	<b><u>Canned Food</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	665,700	135,892	160	13,742	815,494
<b>Segment results</b>	225,649	52,189	53	7,046	284,937
Other gains					1,298
Unallocated costs					(14,720)
Finance expenses					(667)
Profit before income tax					270,848
Income tax expense					(69,924)
<b>Profit for the period</b>					<b>200,924</b>
<b>Other segment information:</b>					
Depreciation and amortisation					4,700
Capital expenditures					2,707

<b>Financial period ended 31 December 2010</b>					
	<b><u>Ready-to-serve Food</u></b>	<b><u>Frozen Vegetables</u></b>	<b><u>Canned Food</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	335,113	68,408	81	6,918	410,520
<b>Segment results</b>	113,592	26,272	27	3,546	143,437
Other gains					653
Unallocated costs					(7,410)
Finance expenses					(336)
Profit before income tax					136,345
Income tax expense					(35,200)
<b>Profit for the period</b>					<b>101,145</b>
<b>Other segment information:</b>					
Depreciation and amortisation					2,366
Capital expenditures					1,363

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 : RM0.5034 at 31 December 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.



## 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 2011

#### 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

The Group acquired additional non-current assets of total RMB 286.2 million, consist of land use rights at RMB119.6 million (equivalent to RM60.2 million) and property, plant and equipment and construction in progress facilities at RMB166.7 million net of depreciation and amortisation charged for the year of RMB6.8 million.

These land use rights and construction in progress is a part our business expansion into duck farming business and construction of third Halal factory. The details and purpose of the acquisition of land use rights was announced in the previous announcement dated 28 July 2011.

#### 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 to Rizhao Hengbao Foodstuffs Co., Ltd	8,730	4,394
Construction of duck poultry and slaughter factory, duck egg laying farm, duck incubation farm, duckling nurture farm, Testing and research & development Centre and the group's third factory	53,750	27,058

#### 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	238	119	615	310
Post employment benefits	19	10	29	15



## 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 2011

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

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

Our revenue increased by RMB22.7 million or approximately 2.8% from RMB815.4 million in financial year ended 31 December 2010 (“FYE2010”) to RMB838.1million in financial year ended 31 December 2011 (“FYE2011”) were mainly due to the increased by RMB38.2 million in the sale of other products (such as spring rolls) developed for indirect export to the European markets, offset against the decreased of sales by RMB17.2 million in the frozen vegetable products. The reduction in frozen vegetable products was attributable to the reduced in the order for vegetable including garlic, green asparagus and spinach. Sales of ready-to-serve (“RTS”) products increased marginally by RMB2 million from FYE2010 to FYE2011.

Sales to the China market are mainly indirect sales to Japan and other international markets and this increased marginally by 1.0% from RMB755.3 million in FYE2010 to RMB764.5 million in FYE2011. Our direct sales to Japan and Korea have increased by RMB5.6 million and RMB7.8 million in FYE2011 as a result of us having obtained new Japanese and Korean customers.

Our Gross Profit (“GP”) increased by RMB30.9 million or 10.9% from RMB284.9 million FYE2010 to RM315.8 million in FYE2011 mainly attributable increases in Group revenue, selling price and GP margins from the sales of our products in line with the increase in global food prices in 2011. We observed that our gross profit margins for first and second quarter FYE2011 were increased significantly, while the third and fourth quarter gross profit margins were decreased compared to the corresponding quarters in FYE2010 in line with the global food prices trend. Overall GP margin increased from 34.9% in FYE2010 to 37.7% in FYE2011.

Net profit before taxation increased by RMB28.9 million or 10.7%, from RMB270.8 million in FYE2010 to RMB299.7 in FY2011 and this was attributable to the increase in gross profit, other operating income, decreased in the other operating expenses and increase in the selling and distribution expenses, and general and administration expenses in FYE2011.

The increase of other operating income from RMB1.2 million in FYE2010 to RMB1.7 million in FYE2011 was mainly due to interest income receivables from the bank in FYE2011. Our cash averagely stayed higher at and around RMB500 million in FY2011. This cash is planned to be used for our expansion in duck farming business capital investment and working capital requirements. Selling and distribution expenses increased by RMB0.6 million in FYE2011 due to more business development activities being made to Japan and Korea resulting in the securing of new customers. The increased of general and administration expenses by RMB3.6 million from RMB10.3 million in FY2010 to RMB13.9 million in FY2011 was attributable to the amortization of land use rights for the seven parcels of land acquired.

Our Group’s inventories increased by RMB9.3 million from RMB7.6 million in FYE2010 to RMB16.9 million in FYE2011 due to additional finished goods products being stored at the end of the year for orders in January 2012. Trade and other receivables increased by RMB22.6 million from RMB67.9 million in FYE2010 to RMB 90.5 million in FYE2011, the increased was mainly due to higher sales achieved in December 2011 in view of the arrival of Lunar New Year in early 2012. The increase in trade and other payables by RMB53.9 million from RMB43.9 million at FYE2010 to RMB97.8 million in FYE2011 was mainly due to the increase of contractors costs for the building of our duck farm and third Halal factory as part of our expansion plan.

The Group acquired additional non-current assets of total RMB 286.2 million, these consist of land use rights at RMB119.6 million (equivalent to RM60.2 million), property, plant and equipment and construction in progress facilities at RMB166.6 million, net of depreciation and amortisation charged for the year of RMB6.8 million. These land use rights and construction in progress is a part our business expansion into the duck farming business and the construction of the third Halal factory. The details and purpose of the acquisition of land use rights was announce in the previous announcement dated 28 July 2011. The detail of our construction for the expansion plan is as follows:-



## 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 2011

No.	Address	Area (m2)	Usage	Land Net Cost (RMB)	Construction Cost Estimated (RMB)
Land 1	Jianhua Village, DaZhangAnPo Village, Yanzhuan Town, Juxian County	3,758.00	Duck poultry & slaughter factory	2,040,982	25 million
Land 2	Jianhua Village, DaZhangAnPo Village, Yanzhuan Town, Juxian County	23,429.45	Duck poultry & slaughter factory	12,131,933	
Land 3	Jianhua Village, DaZhangAnPo Village, Yanzhuan Town, Juxian County	64,427.00	Testing, R&D Centre	33,360,751	45 million
Land 4	Huang Road, ZhuDi North Avenue, West, AnZhuan Town Juxian County	68,814.00	Duck egg laying farm	22,504,655	25 million
Land 6	Huang Road, ZhuDi North Avenue, West, AnZhuan Town Juxian County	58,196.00	Duck egg laying farm	19,032,187	
Land 5	Huang Road, ZhuDi North Avenue, West, AnZhuan Town Juxian County	35,257.00	Duck Incubation farm	11,530,308	40 million
Land 7	ShiQuanGuanZhuan Village, QiShan Town, Juxian County	57,967.00	Duckling nurture farm	18,957,295	45 million
Existing Land	Third Food Processing Factory (Halal Compliance)				40 million
		311,848.45		119,558,113	220 million

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

	Current Quarter 31 December 2011		Preceding Quarter 30 September 2011	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	210,941	106,187	221,447	111,476
Profit Before Taxation	61,455	31,566	75,941	38,229
Profit After Taxation	45,590	23,076	58,355	29,376

The Group recorded a revenue of RMB210.9 million in the current quarter, which is approximately RMB10.5 million lower than RMB221.4 million in the immediate preceding quarter. The decrease in revenue for the current quarter is mainly due to a reduced supply of raw materials particularly on fresh vegetables in the winter season.

The GP margin for the current quarter is 29.1%, as compared to 34.3% in the preceding quarter, mainly due to increase in raw material prices of certain products. The Profit Before Taxation and Profit After Taxation for the current quarter reported as RMB 61.5 million and RMB 45.6 million, compared to RMB75.9 million and RMB58.3 million respectively for preceding quarter, mainly due to lower revenue generated in the current quarter.



## 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 2011

#### 3. Prospects for FYE 2012

The World Bank said that in Year 2011 the annual food price index revealed that prices are 24% higher than that of 2010, despite some reduction in the last quarter of 2011, the outlook for food prices for 2012 is expected to decline due to increasing supply, but remains volatile due to uncertainty in global economy and energy prices. We believe that the decline in food prices would be favourable for the demand of our convenient food products.

Our duck incubating facility and duck farming facility would be ready for business in March 2012. We expect to acquire the first batch of ducklings for duck farming and produce duck meat for our production needs in September 2012. For FYE2011, our RTS duck meat products contributed about 28.5% of our Group's revenue. We believe the duck farming facilities would be contributing to the growth of our Group's revenue this year. In addition to the duck farming business, we also expect that our Halal third factory will be ready for certification for Halal food production in the second quarter this year and generate revenue for our Group in 2012.

In the course of our search for a suitable site for the construction of a Halal factory in Malaysia, we were offered to consider a proposed acquisition of Halal food processing plant in Negeri Sembilan Malaysia. We are in the discussion with the said Halal food processing Company for potential acquisition of majority shares in the Halal food processing Company. We believe the process of acquisition shall be completed in the second quarter of 2012.

With our expansion in the duck farming business and construction of Halal food factory in China, which is expected to be in operation this year, we are optimistic about our growth in FYE2012. Despite the expected growth in our Group's revenue, we expect to incur significant set up costs for these businesses including induction and training of employees, additional overheads including depreciation and amortization prior to the generating of revenue by these new businesses.

#### 4. Profit forecast

The 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	16,865	8,490	75,250	37,881

##### 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 dividends receivable by the Company from its subsidiary will not be taxable under the applicable law.

The effective tax rate of the Group for the current quarter and financial year-to-date were approximately 26.9% and 24.9% respectively as compared to the applicable tax rate of 25%.

#### 6. Sales of unquoted investment / properties

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

#### 7. Purchase or disposal of quoted securities

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



## 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 2011

#### 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	64,422 <sup>(b)</sup>	(59,422) <sup>(a)</sup>	Fully utilized
(ii) Setting up of a modern poultry processing facility	5,000	13,658 <sup>(b)</sup>	(8,658) <sup>(a)</sup>	Fully utilized
(iii) Setting up of a third production plant and corporate headquarters building in PRC	15,000	30,386 <sup>(b)</sup>	(15,386) <sup>(a)</sup>	Fully utilized
(iv) Construction of Halal food processing facility in Malaysia	5,000	-	N/A	Within 24 months
(v) Working capital	4,304	4,304	-	Fully utilized
(vi) Estimated listing expenses	10,000	12,097	(2,097) <sup>(a)</sup>	Fully utilized
<b>Total</b>	<b>44,304</b>	<b>124,867</b>		

Notes:-

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

(b) The Group had spent RMB170.1million (RM85.6 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 (RM25.4 million) refunds to the group as rebate from this acquisition, resulted the acquisition price being reduced to RMB 119.6 million (RM60.2 million)

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

The Group's borrowings and debt securities as of 31 December 2011 were as follows:

	RMB'000	RM'000
Loans – unsecured*	10,000	5,034
Loans – unsecured**	15,134	7,620
Loans – unsecured***	13,054	6,571

##### 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 as lenders. The loan is interest free. The tenure of the



## 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 2011

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 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. (a Shareholder with 0.37% shareholding of the Group) amounting to RMB17.5 million of which RMB4.8 million has been repaid during the period ended 31 December 2011. The purpose of the said loan is for working capital. The said loan has been extended to the Company at interest rate of 8% per annum and is repayable at the end of financial year 2012.

#### 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 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	615,441	309,813	430,848	216,889
- Unrealised	809	407	(428)	(215)
Total Group Retained Earnings	616,250	310,220	430,420	216,674





## 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 2011

#### 13. Earning per share

##### *Basic Earning per Share*

	Quarter Ended 31 Dec 2011 RMB'000	Preceding Year Corresponding Quarter 31 Dec 2010 RMB'000	Quarter Ended 31 Dec 2011 RM'000	Preceding Year Corresponding Quarter 31 Dec 2010 RM'000	Year to Date Ended 31 Dec 2011 RMB'000	Year to Date Ended 31 Dec 2010 RMB'000	Year to Date Ended 31 Dec 2011 RM'000	Year to Date Ended 31 Dec 2010 RM'000
Profit attributable to equity holders of the company	45,840	51,645	23,076	25,998	225,762	200,924	113,648	101,225
Weighted average number of ordinary share in issue ('000)	468,000	337,754	468,000	337,754	468,000	337,754	468,000	337,754
Earning Per Share - Basic (RMB cents/ sen)	9.52	15.29	4.79	7.70	47.97	59.49	24.15	29.97

By Order of the Board

SHEN HENGBAO  
Chief Executive Officer