



Sozo Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	213,959	187,091	103,963	86,080	213,959	187,091	103,963	86,080
Cost of sales	(142,648)	(110,755)	(69,313)	(50,958)	(142,648)	(110,755)	(69,313)	(50,958)
Gross Profit	71,311	76,336	34,650	35,122	71,311	76,336	34,650	35,122
Other operating income	504	466	245	214	504	466	245	214
Selling and distribution expenses	(290)	(600)	(142)	(276)	(290)	(600)	(142)	(276)
General and administrative expenses	(3,234)	(1,897)	(1,570)	(873)	(3,234)	(1,897)	(1,570)	(873)
Other operating expenses	(290)	-	(142)	-	(290)	-	(142)	-
Operating profits	68,001	74,305	33,041	34,187	68,001	74,305	33,041	34,187
Finance costs	(441)	(175)	(214)	(80)	(441)	(175)	(214)	(80)
Profit Before Taxation	67,560	74,130	32,827	34,107	67,560	74,130	32,827	34,107
Taxation	(17,146)	(18,371)	(8,331)	(8,453)	(17,146)	(18,371)	(8,331)	(8,453)
Profit After Taxation	50,414	55,759	24,496	25,654	50,414	55,759	24,496	25,654
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	50,414	55,759	24,496	25,654	50,414	55,759	24,496	25,654



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit attributable to:- - Equity holders of Sozo	50,414	55,759	24,496	25,654	50,414	55,759	24,496	25,654
Total comprehensive income attributable to:- - Equity holders of Sozo	50,414	55,759	24,496	25,654	50,414	55,759	24,496	25,654
Earning Per Share *								
- Basic (RMB cents/ sen)	10.77	11.91	5.23	5.48	10.77	11.91	5.23	5.48
- 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 2011 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 : RM0.4859 at 31 March 2012 and RMB1: RM0.4601 at 31 March 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

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 31 March 2012 RMB'000	Audited As at 31 December 2011 RMB'000	Unaudited As at 31 March 2012 RM'000	Audited As at 31 December 2011 RM'000
<u>Non-Current Assets</u>				
Property, plant and equipment	53,610	51,604	26,049	25,977
Construction in progress	187,901	173,487	91,301	87,333
Intangible assets	130,136	130,815	63,233	65,852
	371,647	355,906	180,583	179,162
<u>Current Assets</u>				
Inventories	18,745	16,961	9,108	8,538
Trade and other receivables	72,978	90,547	35,460	45,581
Cash and bank balance	586,376	534,171	284,920	268,902
	678,099	641,679	329,488	323,021
TOTAL ASSETS	1,049,746	997,585	510,071	502,183
<u>Capital and Reserves</u>				
Share capital	146,161	146,161	71,020	73,577
Reserves	84,327	84,327	40,974	42,450
Retained earnings	658,727	608,313	320,075	306,225
Total Equity	889,215	838,801	432,069	422,252
<u>Non-Current Liabilities</u>				
Borrowings	15,317	15,134	7,442	7,618
<u>Current Liabilities</u>				
Trade and other payables	114,565	103,751	55,668	52,228
Short term borrowing	-	10,000	-	5,034
Income tax liabilities	17,146	16,845	8,331	8,480
Amount due to a shareholder	13,503	13,054	6,561	6,571
	145,214	143,650	70,560	72,313
Total Liabilities	160,531	158,784	78,002	79,931
TOTAL EQUITY AND LIABILITIES	1,049,746	997,585	510,071	502,183
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	1.90	1.79	0.92	0.90

The unaudited Condensed Consolidated Statements of Financial Positions should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 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 March 2012 and 31 December 2011 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 : RM0.4859 at 31 March 2012 and 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 FIRST QUARTER ENDED 31 MARCH 2012

Unaudited Condensed Consolidated Statements Of Changes In Equity

3 months ended 31 March 2012	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 2012	146,161	76,090	8,237	608,313	838,801
Total comprehensive income for the period	-	-	-	50,414	50,414
At 31 March 2012	<u>146,161</u>	<u>76,090</u>	<u>8,237</u>	<u>658,727</u>	<u>889,215</u>

3 months ended 31 March 2012	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 2012	71,020	36,972	4,002	295,579	407,573
Total comprehensive income for the period	-	-	-	24,496	24,496
At 31 March 2012	<u>71,020</u>	<u>36,972</u>	<u>4,002</u>	<u>320,075</u>	<u>432,069</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 : RM0.4859 at 31 March 2012 and RMB1: RM0.4601 at 31 March 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 FIRST QUARTER ENDED 31 MARCH 2012

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

3 months ended 31 March 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	-	-	-	55,759	55,759
Transfer to reserves	-	5,605	-	(5,605)	-
At 31 March 2011	<u>146,161</u>	<u>58,641</u>	<u>8,237</u>	<u>480,574</u>	<u>693,613</u>

3 months ended 31 March 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	67,249	24,402	3,790	198,036	293,477
Total comprehensive income for the period	-	-	-	25,654	25,654
Transfer to reserves	-	2,578	-	(2,578)	-
At 31 March 2011	<u>67,249</u>	<u>26,980</u>	<u>3,790</u>	<u>221,112</u>	<u>319,131</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 2011 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 : RM0.4859 at 31 March 2012 and RMB1: RM0.4601 at 31 March 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 FIRST QUARTER ENDED 31 MARCH 2012

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	67,560	74,130	32,827	34,107
Adjustments for:				
Depreciation	993	945	482	435
Amortisation	679	82	330	38
Interest expense	441	175	214	81
Interest income	(504)	(422)	(245)	(194)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	69,169	74,910	33,608	34,467
In inventories	(1,784)	(9,167)	(867)	(4,218)
In trade and other receivables	17,569	(179,569)	8,537	(82,620)
In trade and other payables	11,447	11,557	5,562	5,317
Cash from/(used in) operations	96,401	(102,269)	46,840	(47,054)
Income tax paid	(16,846)	(19,345)	(8,185)	(8,901)
Interest received	504	422	245	194
Net cash generated from/(used in) operating activities	80,059	(121,192)	38,900	(55,761)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,999)	(326)	(1,457)	(150)
Purchase of intangible assets				
Payment of construction in progress	(14,414)	-	(7,004)	-
Net cash used in investing activities	(17,413)	(326)	(8,461)	(150)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest Expense	(441)	-	(214)	-
Proceed from borrowing	-	10,000	-	4,601
Repayment of short term loan	(10,000)	-	(4,859)	-
Net cash (used in)/generated from financing activities	(10,441)	10,000	(5,073)	4,601
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	52,205	(111,518)	25,366	(51,310)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	534,171	563,603	259,554	259,314
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	586,376	452,085	284,920	208,004

The unaudited Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 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 : RM0.4859 at 31 March 2012 and RMB1 : RM0.4601 at 31 March 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 FIRST QUARTER ENDED 31 MARCH 2012

A. **SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 MARCH 2012**

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 2011 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 March 2012.

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 2011 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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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 dividend was declared or paid by the Group in the current quarter under review.

8. Segment information

Financial Year Ended 31 March 2012					
	<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	188,185	23,608	-	2,166	213,959
Segment results	62,420	7,954	-	937	71,311
Other gains					504
Unallocated costs					(3,814)
Finance expenses					(441)
Profit before income tax					67,560
Income tax expense					(17,146)
Profit for the period					50,414
Other segment information:					
Depreciation and amortisation					1,672
Capital expenditures					17,413

Financial Year Ended 31 March 2012					
	<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	91,439	11,471	-	1,053	103,963
Segment results	30,330	3,865	-	455	34,650
Other gains					245
Unallocated costs					(1,854)
Finance expenses					(214)
Profit before income tax					32,827
Income tax expense					(8,331)
Profit for the period					24,496
Other segment information:					
Depreciation and amortisation					812
Capital expenditures					8,461



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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8. Segment information (continue)

3 months ended 31 March 2011					
	<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	153,248	33,843	-	-	187,091
Segment results	58,955	17,381	-	-	76,336
Other gains					466
Unallocated costs					(2,497)
Finance expenses					(175)
Profit before income tax					74,130
Income tax expense					(18,371)
Profit for the year					55,759
Other segment information:					
Depreciation and amortisation					1,027
Capital expenditures					326

3 months ended 31 March 2011					
	<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	70,509	15,571	-	-	86,080
Segment results	27,125	7,997	-	-	35,122
Other gains					214
Unallocated costs					(1,149)
Finance expenses					(80)
Profit before income tax					34,107
Income tax expense					(8,453)
Profit for the period					25,654
Other segment information:					
Depreciation and amortisation					473
Capital expenditures					150

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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

The Company had on 30 March 2012 incorporated a wholly-owned subsidiary in Singapore with the name "HB Food (S) Pte. Ltd." (Company Registration No. 201207968Z) ("HBFS") for the purpose of sales and marketing of frozen food related products in Singapore and within the ASEAN region.

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 RMB17.4 million, consist of property, plant and equipment and construction in progress facilities net of depreciation and amortisation charged for the year of RMB1.7million.

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	4,242
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	40,599	19,727

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	220	107	220	107
Post employment benefits	1	0.5	1	0.5



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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

1. Review of the performance of the Group

Our revenue increased by RMB26.8 million or approximately 14.4% from RMB187.1 million in financial period ended 31 March 2011 (“FPE2011”) to RMB213.9 million in financial period ended 31 March 2012 (“FPE2012”) and was mainly due to the increased in the sale of duck meat products, vegetable rolls and spring rolls products. Sales of ready-to-serve (“RTS”) products increased substantially by RMB34.9 million from RMB 153.2 million in FPE2011 to RMB 188.1 million in FPE2012 offset by the decrease in the sales of frozen vegetables’ products by RMB10.2 million from RMB 33.8 million in FPE2011 to RMB23.6 million in FPE2012. The significant drop in the sales of frozen vegetable products was a result of change in weather condition that led to reduction in the vegetable supplied from the vegetable farmers.

Sales to the China market increased by 12.3% or RMB 20.9 million from RMB169.7 million in FPE2011 to RMB190.6 million in FPE2012. Our direct sales to Japan have increased by RMB7.4 million in FPE2012 as a result of additional orders from existing and new customers since the set up of our marketing office in Tokyo in September 2011.

Gross Profit (“GP”) decreased marginally by RMB5.0 million or 6.5% from RMB76.3 million FPE2011 to RM71.3 million in FPE2012 and was mainly attributable to the increased in the labour costs for production department upon salary adjustment in line with the implementation of new minimum wages policy by the Provincial Manpower Department. Despite the increase in the revenue, net profit before taxation decreased by RMB6.5 million or 8.7%, from RMB74.1 million in FPE2011 to RMB67.6 million in FPE2012. This was mainly attributable to the decreased in gross profit as explained and the increase in general and administrative expenses of RMB1.3 million in FPE2012.

Other operating income increased from RMB466k in FPE2011 to RMB504k in FPE2012 and was mainly due to interest income receivables from the bank in FPE2012 as a result of an increase in cash and cash equivalent. Selling and distribution expenses decreased by RMB310k in FPE2012 as a result of reduction in transportation costs due to the change of terms of delivery to our customers where the customers shall bear part of the transportation cost. The increase of general and administration expenses by RMB1.5 million from RMB1.9 million in FPE2011 to RMB3.4 million in FPE2012 was attributable to the increase in salaries and wages for new employees recruited and amortisation expenses of our land use rights acquired for our new duck farming division.

Our Group’s inventories increased marginally by RMB1.8 million from RMB16.9 million in 31 December 2011 to RMB18.7 million in FPE2012. Trade and other receivables decreased by RMB17.6 million from RMB90.5 million in 31 December 2011 to RMB 72.9 million in FPE2012 due to the continuing efforts in the credit management policy. The increase in trade and other payables by RMB11.1 million from RMB103.7 million at 31 December 2011 to RMB114.8 million in FPE2012 was mainly due to increase in purchases of raw material and accrued expenses for director remuneration for FPE2012.

The Group acquired additional non-current assets of total RMB17.4 million, comprise of mainly the construction in progress for our third factory and duck farming facilities net of depreciation and amortisation charged for the period of RMB1.7million. The details and purpose of the acquisition of land use rights were announced in the previous announcement dated 28 July 2011.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

2. Variation of results against immediate preceding quarter

	Current Quarter 31 March 2012		Preceding Quarter 31 December 2011	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	213,959	103,963	210,941	106,188
Profit Before Taxation	67,560	32,827	56,748	28,567
Profit After Taxation	50,414	24,496	37,903	19,080

The Group recorded revenue of RMB213.9 million in the current quarter, which is approximately RMB3.0 million higher than RMB210.9 million in the immediate preceding quarter. The increase in revenue for the current quarter is mainly due to the increase in demand as a result of the Chinese Lunar New Year festival in the current quarter.

The GP margin for the current quarter was 33.3%, as compared to 32.6% in the preceding quarter due to a higher GP margin achieved during the quarter under review. The net profit before taxation and net profit after taxation for the current quarter was achieved at RMB 67.6 million and RMB 50.4 million respectively. The net profit before taxation and net profit after taxation has improved significantly compared to RMB56.7 million and RMB37.9 million respectively achieved in the preceding quarter. The improvement was mainly due to the significant decreased in selling and distribution expenses and general and administration expenses for the quarter.

3. Prospects for FYE 2012

With the setting up of a marketing office in Tokyo, Japan and having received the export license for exporting poultry products to Singapore, we expect higher revenue to be generated from Japan and Singapore orders for the year 2012. We have acquired approximately 200,000 parent duck stocks as our first batch of duck farming business in May 2012. We expect our duck farming business to generate its first revenue in the last quarter this year by selling its ducklings to the domestic market. We do not expect significant contribution of our duck farming business to our revenue in the current financial year. Our third food processing factory shall be ready for commercial production in the third quarter of 2012, pending the installation of production equipment and Halal certification procedures. We expect the third food processing factory to contribute to our growth in revenue for FYE2012.

Our cost of sales for FYE2012 is expected to be higher than FYE2011 with the increase in labour costs as a result of adjustments made to meet the minimum wages imposed by the China authority, the amortisation of land use rights, and additional depreciation on new duck farming facilities, factories, plant, machineries & equipments and preparation stages of our new food processing factory, duck meat processing factory and duck farms this year.

Barring unforeseen circumstances, we expect a growth in our Group's revenue for FYE2012. Our profitability might be marginally affected in the midst of our expansions in the new business division, entrance into new markets and increase of food processing production capacity this year.

4. Profit forecast

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



Sozo Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Income tax expenses	17,146	8,331	17,146	8,331

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 our Group for the current quarter and financial year-to-date were approximately 25.4% as compared to the applicable tax rate of 25.0% due to the non-deductible expenses incurred by our holding Company.

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.

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	5,000	-	Fully utilized
(ii) Setting up of a modern poultry processing facility	5,000	5,000	-	Fully utilized
(iii) Setting up of a third production plant and corporate headquarters building in PRC	15,000	15,000	-	Fully utilized
(iv) Construction of Halal food processing facility in Malaysia	5,000	-	5,000	Within 24 months
(v) Working capital	4,304	4,304	-	Fully utilized
(vi) Estimated listing expenses	10,000	10,000	-	Fully utilized
Total	44,304	39,304		



Sozo Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

9. Group's borrowings and debt securities

The Group's borrowings and debt securities as of 31 March 2012 were as follows:

	RMB'000	RM'000
Loans – unsecured*	15,317	7,442
Loans – unsecured**	13,503	6,561

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 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 RMB15.31 million.

Loans – unsecured**

On 3rd October 2011, the Company entered into a loan agreement with Strategic Capital Partners Pte. Ltd. (a Shareholder with 0.004% shareholding of the Group) amounting to RMB17.5 million of which RMB4.8 million has been repaid as at 31st March 2012. 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 has been 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 March 2012 and 31 December 2011 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	658,946	320,181	607,504	305,818
- Unrealised	(219)	(106)	809	407
Total Group Retained Earnings	658,727	320,075	608,313	306,225



Sozo Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

13. Earning per share

Basic Earning per Share

	Quarter Ended <u>31 March 2012</u>	Preceding Year Corresponding Quarter <u>31 March 2011</u>	Quarter Ended <u>31 March 2012</u>	Preceding Year Corresponding Quarter <u>31 March 2011</u>	Year to Date Ended <u>31 March 2012</u>	Year to Date Ended <u>31 March 2011</u>	Year to Date Ended <u>31 March 2012</u>	Year to Date Ended <u>31 March 2011</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit attributable to equity holders of the company	50,414	55,759	24,496	25,654	50,414	55,759	24,496	25,654
Weighted average number of ordinary share in issue ('000)	468,000	468,000	468,000	468,000	468,000	468,000	468,000	468,000
Earning Per Share - Basic (RMB cents/ sen)	10.77	11.91	5.23	5.48	10.77	11.91	5.23	5.48

By Order of the Board

SHEN HENGBAO
Chief Executive Officer