
IMPORTANT

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Cosway Corporation Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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COSWAY CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 288)

**PROPOSALS FOR
GENERAL MANDATE TO ISSUE SHARES AND TO REPURCHASE SHARES
AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT OF
THE SHARE OPTION SCHEME
AND
DIRECTORS TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
AND
NOTICE OF ANNUAL GENERAL MEETING**

A letter from the board of directors of the Company is set out on pages 3 to 11 of this circular (the “**Circular**”). A notice convening the 2010 Annual General Meeting of the Company to be held at Tang Room I, 3/F Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Kowloon, Hong Kong on Thursday, 30 September 2010 at 10:00 a.m. is set out on pages 15 to 19 of this Circular.

A form of proxy for the 2010 Annual General Meeting is also enclosed with this Circular. Whether or not you desire to attend the 2010 Annual General Meeting, you are requested to complete the form of proxy and return the same to the Company’s Hong Kong share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the 2010 Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the 2010 Annual General Meeting or any adjournment thereof if you so wish.

28 August 2010

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2010 Annual General Meeting”	the annual general meeting of the Company to be held at Tang Room I, 3/F Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Kowloon, Hong Kong on Thursday, 30 September, 2010 at 10:00 a.m., and the notice of which is set out in this circular
“Board”	the board of directors of the Company
“Company”	Cosway Corporation Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“INED”	independent non-executive Director
“Issue Mandate”	the general and unconditional mandate proposed to be granted to Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution, as set out in the notice of the 2010 Annual General Meeting, which is also proposed to be extended by the addition of the number of Shares purchased under the Repurchase Mandate
“Latest Practicable Date”	23 August, 2010, being the latest practicable date before the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Proposed Refreshment”	the 10% limit under the Share Option Scheme proposed to be refreshed by the Shareholders at the 2010 Annual General Meeting pursuant to which the Board may grant share options to eligible participants to subscribe up to 10% of the Shares in issue as at the date of the 2010 Annual General Meeting
“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to Directors to exercise the power of the Company to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution, as set out in the notice of the 2010 Annual General Meeting
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon the exercise of all the share options to be granted under the Share Option Scheme of the Company which initially shall not in aggregate exceed 10% of the Shares in issue as at 23 November 2009 and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 23 November 2009
“Share(s)”	ordinary shares of HK\$0.2 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	Per cent.

LETTER FROM THE BOARD OF DIRECTORS



COSWAY CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 288)

Executive Directors:

Mr. Chuah Choong Heong
(Chairman and chief executive officer)
Mr. Tan Yeong Sheik, Rayvin

Non-Executive Directors:

Mr. Chan Kien Sing
Mr. Tan Thiam Chai
Ms. Tan Ee Ling

Independent Non-Executive Directors:

Mr. Wong Ying Wai, Wilfred
Mr. Leou Thiam Lai
Ms. Deng Xiao Lan, Rose

Registered office:

Unit 1701, 17/F, Austin Plaza
83 Austin Road
Jordan
Kowloon
Hong Kong

28 August 2010

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR
GENERAL MANDATE TO ISSUE SHARES AND TO REPURCHASE SHARES,
AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT OF
THE SHARE OPTION SCHEME
AND
DIRECTORS TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

In order to ensure flexibility when it is desirable to allot additional shares or repurchase shares, the Directors will seek the approval of Shareholders to grant new general mandates to issue shares and repurchase shares at the 2010 Annual General Meeting.

The purpose of this Circular is to provide you with information on resolutions to be proposed at the 2010 Annual General Meeting and to give you notice of the 2010 Annual General Meeting at which the resolutions will be proposed to consider, and, if thought fit, approve such matters.

LETTER FROM THE BOARD OF DIRECTORS

2. THE ISSUE MANDATE

Two ordinary resolutions, as set out in the notice of the 2010 Annual General Meeting, will be proposed for the following purposes:

Ordinary resolution no. 5 – to grant to the Directors a general mandate to issue new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution; and

Ordinary resolution no. 7 – to increase the aggregate nominal amount of share capital of the Company which the Directors may issue under the general mandate if given in the ordinary resolution no. 5 by the aggregate nominal amount of share capital of the Company repurchased under the general mandate if given in the ordinary resolution no. 6.

The Company had in issue an aggregate of 1,961,731,641 Shares as at the Latest Practicable Date. Subject to the passing of the aforesaid ordinary resolution no. 5 and in accordance with the terms therein, the Company would be allowed to issue additional Shares up to the aggregate nominal amount of a maximum of 392,346,328 Shares on the basis that no further Shares will be issued or repurchased prior to the 2010 Annual General Meeting.

3. THE REPURCHASE MANDATE

The ordinary resolution no. 6 as set out in the notice of the 2010 Annual General Meeting will be proposed to grant to the Directors a general mandate to exercise the powers of the Company to repurchase the Company's fully paid up Shares representing up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution.

The Listing Rules contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange.

In accordance with the Listing Rules, the appendix to this circular serves as the explanatory statement, to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolution for granting of the Repurchase Mandate.

LETTER FROM THE BOARD OF DIRECTORS

4. PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Share Option Scheme was adopted by the Company at the extraordinary general meeting held on 23 November 2009. The Scheme Mandate Limit was equivalent to 59,104,797 Shares at that time, representing 10% of the Shares in issue as at 23 November 2009. On 6 May 2010, the Company utilised part of this Scheme Mandate Limit to grant options to subscribe for a total of 17,625,000 Shares to its employees and directors under the Share Option Scheme.

Details of the options granted under the Share Option Scheme are set out below:

As at 23 November 2009 (the adoption date)		Between 23 November 2009 and the Latest Practicable Date				As at the Latest Practicable Date			Approximate percentage of the issued the capital of the Company
Total number of options outstanding	Scheme Mandate Limit available	Options granted	Options exercised	Options cancelled	Options lapsed	Total number of options outstanding	Scheme Mandate Limit available	issued the capital of the Company	
0	59,104,797	17,625,000	0	50,000	0	17,575,000	41,529,797	0.90%	

The Share Option Scheme was adopted to recognise and acknowledge the contributions of the Group's employees and other selected grantees made or may have made to the Group. The Share Option Scheme will provide the grantees with an opportunity to have a personal stake in the Company with the view to achieving the objectives of motivating the grantees to optimise their performance efficiency for the benefit of the Company, and to attract and retain or otherwise maintain on-going relationships with the grantees whose contributions are or will be beneficial to the long-term growth of the Group.

Unless the Scheme Mandate Limit is refreshed, only 41,529,797 Shares available for subscription pursuant to options which can be further granted under the existing Scheme Mandate Limit, the Directors consider that it is in the interest of the Company and the Shareholders as a whole to refresh the Scheme Mandate Limit to the 10% provided under Chapter 17 of the Listing Rules so as to provide the Company with the flexibility of granting further share options under the Share Option Scheme and to provide incentives to, and recognise the contributions of, the Group's employees and other selected grantees. The Directors consider that the additional flexibility to be able to offer more share options is an important factor for the Company to attract potential recruits and to retain existing employees and officers of the Company.

LETTER FROM THE BOARD OF DIRECTORS

It is proposed that subject to the approval of the Shareholders at the 2010 Annual General Meeting and such other requirements prescribed under the Listing Rules, the Scheme Mandate Limit will be refreshed so that the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and all other schemes of the Company shall not exceed 10% of the Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders at the 2010 Annual General Meeting and share options previously granted and can be granted under the existing Scheme Mandate Limit of the Share Option Scheme and/or any other share option scheme(s) of the Company, including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme or such other schemes of the Company will not be counted for the purpose of the Proposed Refreshment. As at the Latest Practicable Date, the Company does not operate any other share option scheme(s) other than the Share Option Scheme.

Pursuant to the Listing Rules, the Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time will not exceed 30% of the Shares in issue from time to time. No share options will be granted under any scheme(s) of the Company if it will result in the 30% limit being exceeded.

As at the Latest Practicable Date, there were 1,961,731,641 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of approving the Proposed Refreshment by the Shareholders, the maximum number of Shares which fall to be issued upon the exercise of all share options that may be granted by the Company under the Proposed Refreshment would be 196,173,164 Shares, representing 10% of the Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders at the 2010 Annual General Meeting.

Conditions

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the 2010 Annual General Meeting to approve the Proposed Refreshment. The adoption of the Proposed Refreshment is conditional upon:

- (i) the Shareholders passing an ordinary resolution to approve the Proposed Refreshment at the 2010 Annual General Meeting; and
- (ii) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of any share options that may be granted pursuant to the Share Option Scheme under the Proposed Refreshment not exceeding 10% of the number of Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders.

Application for Listing

Application will be made to the Stock Exchange for the listing of, and the permission to deal in, the Shares which fall to be issued upon the exercise of any share options that may be granted pursuant to the Share Option Scheme under the Proposed Refreshment.

LETTER FROM THE BOARD OF DIRECTORS

5. RE-ELECTION OF RETIRING DIRECTORS

At the 2010 Annual General Meeting, in accordance with Articles 110 and 111, Ms. Tan Ee Ling and Mr. Leou Thiam Lai will retire by rotation, both of them, being eligible, will offer themselves for re-election.

Pursuant to Article 115, Mr. Chuah Choong Heong, Mr. Wong Ying Wai, Wilfred, and Ms. Deng Xiao Lan, Rose shall retire but be eligible to stand for re-election at the 2010 Annual General Meeting because all of them were appointed by the Directors.

Information on such retiring Directors as required to be disclosed under the Listing Rules is set out below:

Ms. Tan Ee Ling (“Ms. Tan”), aged 39, a non-executive director of the Company, joined the Group in 1993. She graduated from University of Essex, UK with a first class honours degree in Accounting and Financial Management. Having worked in an accounting firm, she continued her studies and obtained a Master’s degree in Business Administration (Finance) from University of Nottingham, UK. She is also the Senior Finance Manager of Cosway (HK) Limited.

Save as disclosed above, Ms. Tan did not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Ms. Tan is also the director of certain subsidiaries of the Group.

Ms. Tan is the wife of Mr. Wong Man Hong, the company secretary of the Company. Save as disclosed above, Ms. Tan does not have other relationships with any directors, senior management or other substantial or controlling shareholder of the Company for the purpose of the Listing Rules. As at the Latest Practicable Date, Ms. Tan holds share options to subscribe for a total of 125,000 shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, she does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Ms. Tan’s remuneration for the year ended 30 April 2010 was HK\$388,000 and the director’s fee payable to her for the year ending 30 April 2011 shall be recommended by the remuneration committee with approval by the Board and shall be subject to shareholders’ approval in annual general meeting.

Mr. Leou Thiam Lai (“Mr. Leou”), aged 54, joined the Group in 2004 as an INED. He is currently a partner of Leou & Associates, Chartered Accountants, Malaysia. Mr. Leou studied at the Tunku Abdul Rahman College, Kuala Lumpur. Upon graduation, in June 1980, he began his career in a Chartered Accountants firm and subsequently, was the Group Accountant of a public listed company in 1987. He started a risk management agency and, in 1988 upon the approval of his Audit Licence by the Treasury, he started Leou & Associates, a Chartered Accountants Firm. Mr. Leou is a Chartered Accountant of the Malaysian Institute of Accountants and he is also a Fellow member of The Association of Chartered Certified

LETTER FROM THE BOARD OF DIRECTORS

Accountants as well as a Fellow member of the Chartered Tax Institute of Malaysia (formerly known as Malaysia Institute of Taxation). At present, Mr. Leou also sits on the Board of DeGem Berhad, United Bintang Berhad, I-Power Berhad, Ramunia Holdings Berhad and Nextnation Communication Berhad.

Mr. Leou's remuneration for the year ended 30 April 2010 was HK\$80,000 and he had entered into an appointment letter with the Company on 29 June 2010 for an appointment period from 1 July 2010 to 30 June 2012 under which his director fee is fixed at HK\$240,000 per annum.

Save as disclosed above, Mr. Leou did not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Leou does not hold any other position with the Company and its subsidiaries. He does not have relationships with any directors, senior management, substantial or controlling shareholders of the Company for the purpose of the Listing Rules. As at the Latest Practicable Date, Mr. Leou holds share options to subscribe for a total of 150,000 shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, he does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Chuah Choong Heong ("Mr. Chuah"), aged 65, was appointed as executive director of the Company since 17 March 2010. Mr. Chuah is currently the chairman and the chief executive officer of the Company. He is the founder of Cosway (M) Sdn. Bhd. and is currently the managing director of Cosway (M) Sdn. Bhd. and a director of eCosway.com Sdn. Bhd. Both Cosway (M) Sdn. Bhd. and eCosway.com Sdn. Bhd. became our wholly-owned subsidiaries of the Company in 2009. Mr. Chuah is also currently the Chief Executive Officer of Cosway Corporation Berhad, chairman of Singer (Malaysia) Sdn. Bhd. and holds directorship in various other subsidiaries of Berjaya Corporation Berhad, a substantial shareholder of the Company. Prior to that, he was the General Development Manager of Sterling Drugs (M) Sdn. Bhd. and General Sales Manager of Warner Lambert (M) Sdn. Bhd. He holds a Diploma in Marketing from Australia and has vast experience in the marketing of pharmaceuticals and consumer products.

Mr. Chuah's remuneration for the year ended 30 April 2010 was HK\$952,000 and the director's fee payable to him for the year ending 30 April 2011 shall be recommended by the remuneration committee with approval by the Board and shall be subject to shareholders' approval in annual general meeting.

Save as disclosed above, Mr. Chuah did not hold any other directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas nor does he have other relationships with any directors, senior management or other substantial or controlling shareholder of the Company for the purposes of the Listing Rules. As at the Latest Practicable Date, he holds share options to subscribe for a total of 7,500,000 shares of the Company within the meaning of Part XV of the SFO and save as disclosed above, he does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD OF DIRECTORS

Mr. Wong Ying Wai, Wilfred (“Mr. Wong”), aged 57, was appointed as INED of the Company since 17 March 2010. He is the Executive Deputy Chairman of Hsin Chong Construction Group Limited and Synergis Holdings Limited, two main board Hong Kong listed companies in construction and property management businesses respectively. He is also the Independent Non-executive Director of Xinyi Glass Holdings Limited, a main board Hong Kong listed company. He is also the Executive Chairman of Singapore-based Pacific Star Group, one of Asia’s fastest growing real estate investment houses. Mr. Wong is responsible for formulating and overseeing the business strategies of the Pacific Star Group in the mainland China, Hong Kong and Macau. Mr. Wong is also the non-executive Chairman of Yangtze China Investment Co. Ltd, a company whose shares are listed on the London AIM and which makes direct investments in growth businesses in the mainland China.

Mr. Wong joined the Administrative Officer grade of the Hong Kong Government in 1975 and served in a number of key positions responsible for the planning, organizing of various community and public services and formulation of policies until 1992. Since then, Mr. Wong has held senior management positions in a number of Hong Kong listed companies in the property development and construction business sectors including K. Wah International Holdings Limited, Henderson China Holdings Limited and the Shui On Group.

Mr. Wong started his public service career on a national level when he was appointed by the Central People’s Government a member of The Basic Law Consultative Committee (1985-1990). He was subsequently appointed by the National People’s Congress as a member of the Preliminary Working Committee for the Hong Kong SAR Preparatory Committee in 1993 and a member of the Hong Kong SAR Preparatory Committee in 1995, which was responsible for the transitional policies and arrangements relating to the establishment of the HKSAR Government. Currently, Mr. Wong is a Deputy to the Eleventh National People’s Congress of the PRC, after having been elected three times in the last ten years. He is also a member of the Commission on Strategic Development of the HKSAR Government. Mr. Wong’s public service continues through his participation in a number of councils and committees in Hong Kong. He is the Chairman of the Court and Council of the Hong Kong Baptist University; Chairman of Hong Kong International Film Festival Society Limited; Chairman of the Business and Professionals Federation of Hong Kong; a Board Member of HKSAR Airport Authority, Tourism Board and Hong Kong Film Development Council. For his distinguished public service, Mr. Wong was awarded the Silver Bauhinia Star Medal by the Hong Kong SAR Government in 2007. He was educated at Harvard University (MPA), Oxford University, University of Hong Kong (BSoc.Sc.) and Chinese University of Hong Kong.

No emolument or bonus was paid or payable to Mr. Wong for the year ended 30 April 2010. Mr. Wong had entered into an appointment letter with the Company on 29 June 2010 for an appointment period from 1 July 2010 to 30 June 2012 under which his director fee is fixed at HK\$240,000 per annum.

Save as disclosed above, Mr. Wong did not hold any other directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Wong does not hold any other position with the Company and its

LETTER FROM THE BOARD OF DIRECTORS

subsidiaries and he does not have other relationships with any directors, senior management or other substantial or controlling shareholder of the Company for the purposes of the Listing Rules. As at the Latest Practicable date, he does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Ms. Deng Xiao Lan Rose (“Ms. Deng”), aged 47, was appointed as INED of the Company since 9 April 2010. She is the president of DengShi Group Limited. Ms. Deng serves as the Permanent Honorary Chairman of the Hong Kong Friendly Alliance and the Woman’s Association of Hong Kong and is also serving as a Political Advisor of Sichuan Province. Ms. Deng graduated with a Bachelor’s degree from Jinan University in the Mainland China.

No emolument or bonus was paid or payable to Ms. Deng for the year ended 30 April 2010. Ms. Deng had entered into an appointment letter with the Company on 29 June 2010 for an appointment period from 1 July 2010 to 30 June 2012 under which her director fee is fixed at HK\$240,000 per annum.

Save as disclosed above, Ms. Deng did not hold any other directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Ms. Deng does not hold any other position with the Company and its subsidiaries and she does not have other relationships with any directors, senior management or other substantial or controlling shareholder of the Company for the purposes of the Listing Rules. As at the Latest Practicable date, she does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, none of the above retiring Directors have entered into any service agreements nor appointment letters with the Company. They were not appointed for a specific term except the INEDs but all are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the articles of association of the Company. Furthermore, their remunerations are commensurate with their duties and responsibilities held and determined with reference to the prevailing market situation for similar appointment.

Save as disclosed above, the Board is not aware of any other matters or information that need to be brought to the attention of the shareholders of the Company or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules in relation to the proposed re-election of the aforesaid retiring Directors.

6. RESPONSIBILITY STATEMENT

This circular for which the Directors of the Company collectively and individually accept full responsibility includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD OF DIRECTORS

7. ACTION TO BE TAKEN

The notice convening the 2010 Annual General Meeting to be held at Tang Room I, 3/F Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Kowloon, Hong Kong, on Thursday, 30 September 2010, at 10:00 a.m. is set out on pages 15 to 19 of this Circular.

Pursuant to Rules 13.39(4) of the Listing Rules, the vote of shareholders at the 2010 Annual General Meeting will be taken by poll. An announcement on the poll vote results will be made by the Company after the 2010 Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for the 2010 Annual General Meeting is also enclosed with the 2010 Annual Report. Whether or not you desire to attend the 2010 Annual General Meeting, you are requested to complete the form of proxy and return the same to the Company's Hong Kong share registrar in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the 2010 Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the 2010 Annual General Meeting or any adjournment thereof if you so wish.

8. RECOMMENDATION

The Directors believe that (i) the granting of the Issue Mandate and the Repurchase Mandate; (ii) re-election of the Directors; and (iii) the Proposed Refreshment of the Scheme Mandate Limit are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the related ordinary resolutions to be proposed at the 2010 Annual General Meeting.

Yours faithfully,
On Behalf of the Board
Cosway Corporation Limited
Chuah Choong Heong
Chairman

This Appendix serves as an explanatory statement required by Rule 10.06(1)(b) of the Listing Rules and also as a memorandum of the terms of a proposed repurchase of shares required by section 49BA(3)(b) of the Companies Ordinance, to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,961,731,641 Shares. Subject to the passing of the relevant resolution, the Company will be allowed to repurchase a maximum of 196,173,164 Shares (which represents 10% of the aggregate nominal amount of the issued share capital of the Company as at the Latest Practicable Date) on the assumption that there will be no change in the issued share capital prior to the 2010 Annual General Meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interest of the Company and its shareholders to have general authority from shareholders to enable the Directors to exercise the Company's powers to repurchase Shares of the Company on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

FUNDING OF REPURCHASES AND POSSIBLE MATERIAL ADVERSE IMPACT

In repurchasing Shares, the Company may only apply funds entirely from the Company's available cashflow or working capital facilities and will be made out of funds legally available for such purpose (such as distributable profits of the Company or the proceeds of a fresh issue of Shares) in accordance with its memorandum and articles of association and the laws of Hong Kong.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Annual Report for the year ended 30 April 2010) in the event that the proposed repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

DIRECTORS' DEALING AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge of the Directors, having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company or any of its subsidiaries in the event that the Repurchase Mandate is approved by the shareholders.

No connected person of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company or he/she has undertaken not to sell any of the Shares held by him/her to the Company, in the event that the Company is authorised to exercise the Repurchase Mandate.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and the applicable laws of Hong Kong.

EFFECT OF THE TAKEOVERS CODE

If as a result of share repurchase by the Company, a substantial shareholder's proportionate interest in voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could, depending on the level of increase in the interest of shareholdings, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and to the best of knowledge and belief of the Company, the following persons were directly or indirectly interested in 10% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company:

	Name	Number of Issued Share Held/Interested	Approximate Percentage of Shareholding
(1)	Tan Chee Yioun, Vincent ("TSVT") <i>(Note 1)</i>	1,445,286,192	73.67%
(2)	Berjaya Corporation Berhad ("BCorp") <i>(Note 1)</i>	1,430,972,968	72.94%
(3)	Cosway Corporation Berhad ("Cosway") <i>(Note 1)</i>	958,607,387	48.87%

In the event that the Directors exercised in full the power to repurchase Shares of the Company in accordance with the terms of the ordinary resolution no. 6 to be proposed at the 2010 Annual General Meeting, the aforesaid interests of (1) TSVT; (2) BCorp; and (3) Cosway in the issued share capital of the Company as at the Latest Practicable Date would be proportionally increased to approximately (1) 81.86%; (2) 81.05%; and (3) 54.29% respectively.

On the basis of the aforesaid increase of shareholding held by the substantial shareholders set out above, the Directors are not aware of any consequences of such repurchases of Shares that would result in TSVT or any Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under Rule 26 and 32 of the Takeovers Code if the Repurchase Mandate were exercised in full.

Moreover, the Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

Note 1: TSVT directly and indirectly controls approximately 40.69% of the total issued share capital of BCorp. Therefore, TSVT is deemed to be interested in the shares held by BCorp and Cosway. As Cosway is a controlled corporation of BCorp, BCorp is deemed to be interested in the shares held by Cosway. In a word, TSVT's interests include BCorp's interests and BCorp's interests include Cosway's interests.

SHARE REPURCHASES MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares of the Company were traded on the Stock Exchange during each of the previous 12 months and the period from 1 August 2010 upto the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
August 2009	0.870	0.415
September 2009	0.820	0.480
October 2009	1.070	0.620
November 2009	0.780	0.650
December 2009	0.870	0.690
January 2010	0.850	0.740
February 2010	1.030	0.750
March 2010	1.340	1.000
April 2010	1.210	1.060
May 2010	1.120	0.930
June 2010	1.010	0.910
July 2010	1.050	0.930
August 2010 (upto the Latest Practicable Date)	1.060	0.930

NOTICE OF ANNUAL GENERAL MEETING



COSWAY CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 288)

NOTICE IS HEREBY GIVEN that an annual general meeting of the shareholders of Cosway Corporation Limited (the “**Company**”) will be held at Tang Room I, 3/F Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Kowloon, Hong Kong, on Thursday, 30 September 2010 at 10:00 a.m. for the following purposes:

1. To receive and adopt the audited Financial Statements and the reports of the directors and of the auditors for the year ended 30 April 2010 which were set out in the Annual Report 2010 of the Company.
2. To declare a final dividend for the year ended 30 April 2010.
3. To re-elect directors and to authorise the board of directors to fix directors’ remuneration.
4. To re-appoint Messrs Ernst & Young as the Auditors and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

5. **“THAT:**
 - (a) subject to paragraph (c) below, pursuant to Section 57B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval given in paragraph (a) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by

NOTICE OF ANNUAL GENERAL MEETING

the Directors of the Company pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to

- (i) a Rights Issue (as defined below); or
- (ii) the exercise of rights of subscription or conversion under the terms of any securities or bonds which are convertible into shares of the Company; or
- (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of shares or rights to acquire shares of the Company; or
- (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company from time to time,

shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and
- (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution),

and the said approval given under this Resolution in paragraph (a) above shall be limited accordingly; and

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company and/or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; and
- (iii) the revocation or variation of the approval given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase shares in the capital of the Company be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which may be purchased by the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution (on the basis that no Shares are issued or repurchased by the Company before and up to the date of passing this resolution, the Company will be allowed to repurchase fully paid Shares up to a maximum of 196,173,164 Shares), and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company and/or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; and
- (iii) the revocation or variation of the approval given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

7. **“THAT** conditional upon the passing of the Resolution nos. 5 and 6 set out in the notice convening the meeting of which these resolutions form part, the general

NOTICE OF ANNUAL GENERAL MEETING

mandate granted to the Directors of the Company pursuant to the Resolution no. 5 as set out in the notice convening the meeting of which this Resolution forms part be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of share capital of the Company purchased by the Company under the authority granted pursuant to the Resolution no. 6 as set out in the notice convening the meeting of which this Resolution forms part, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution.”

8. **“THAT**

- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the Shares in the share capital of the Company to be issued pursuant to the exercise of share options which may be granted under the Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the share option scheme of the Company adopted on 23 November 2009 (the **“Share Option Scheme”**) and all other share option scheme(s) up to 10% of the number of Shares in issue as at the date of the passing of this resolution (the **“Scheme Mandate Limit”**) be and is hereby approved; and
- (b) any Director of the Company be and is hereby authorised to allot, issue and deal in the Shares which may fall to be issued upon the exercise of the options to be granted under the Share Option Scheme and to do all such acts and execute all such documents to effect the Scheme Mandate Limit.”

On Behalf of the Board
Cosway Corporation Limited
Chuah Choong Heong
Chairman

Hong Kong, 28 August 2010

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A member of the Company entitled to attend and vote at the aforesaid meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. The form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's Hong Kong share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (2) A member who is a corporation may by resolution of its directors or other governing body authorise any of its officials or any other persons to act as the representative in the meeting and exercise the same powers on its behalf as if he had been an individual member of the Company and such corporation shall be deemed to be present in person at any such meeting if a person so authorised is present thereof.
- (3) Information regarding the proposed resolutions no. 3 and no. 5 to no. 8 are contained in the circular accompany the 2010 annual report for sending to the shareholders.
- (4) The Register of Members of the Company will be closed from Tuesday, 28 September 2010 to Thursday, 30 September 2010, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval of the Directors' recommendation by members at the Annual General Meeting, a final dividend of HK1.5 cents per share will be paid to members whose name appear on the register of members of the Company as at the close of business on 30 September 2010, in order to qualify for entitlement to the proposed final dividend for the year ended 30 April 2010 and for attending and voting at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates and appropriate transfer forms, must be lodged with the Company's share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 September 2010.
- (5) Pursuant to the Listing Rules, all votes of members at general meetings must be taken by poll.

As at the date of this notice, the Board comprises two Executive Directors, namely Mr. Chuah Choong Heong and Mr. Tan Yeong Sheik, Rayvin; three Non-executive Directors, namely Mr. Chan Kien Sing, Mr. Tan Thiam Chai and Ms. Tan Ee Ling; and three Independent Non-executive Directors, namely Mr. Wong Ying Wai, Wilfred, Mr. Leou Thiam Lai and Ms. Deng Xiao Lan, Rose.