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## COSWAY CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 288)

### UNAUDITED QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 JULY 2011

The board of directors (the “Board”) of Cosway Corporation Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 July 2011 (the “Period”) with the comparative figures for the corresponding period in 2010.

#### CONSOLIDATED INCOME STATEMENT

Three months ended 31 July 2011

	<b>Unaudited</b>	
	<b>Three months ended 31 July</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Restated)*
REVENUE	<b>1,110,788</b>	709,816
Cost of sales	<b>(663,362)</b>	(416,935)
Gross profit	<b>447,426</b>	292,881
Other income	<b>5,955</b>	4,934
Selling and distribution expenses	<b>(200,266)</b>	(120,236)
General and administrative expenses <sup>#</sup>	<b>(139,889)</b>	(98,692)
Other expenses, net	<b>(3,410)</b>	(6,832)
Finance costs	<b>(11,082)</b>	(11,507)
Share of profits and losses of associates	<b>(100)</b>	(83)
PROFIT BEFORE TAX	<b>98,634</b>	60,465
Income tax expense	<b>(19,014)</b>	(17,141)
PROFIT FOR THE PERIOD	<b>79,620</b>	43,324
Attributable to:		
Owners of the parent	<b>79,004</b>	42,769
Non-controlling interests	<b>616</b>	555
	<b>79,620</b>	43,324

<sup>#</sup> Including depreciation expenses of HK\$18,918,000 (2011: HK\$12,061,000).

\* Certain comparative figures have been reclassified to conform with the presentation of current period.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2011

	As at 31 July 2011 <i>HK\$'000</i> (Unaudited)	As at 30 April 2011 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	401,617	388,961
Investment properties	351,541	351,646
Goodwill	328,039	328,363
Investments in associates	15,541	16,660
Available-for-sale investments	510	513
Deposits	70,025	64,689
Deferred tax assets	22,276	22,426
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Total non-current assets	1,189,549	1,173,258
<b>CURRENT ASSETS</b>		
Inventories	1,017,878	895,293
Trade receivables	95,580	65,826
Tax recoverable	1,397	1,048
Prepayments, deposits and other receivables	135,333	94,275
Due from fellow subsidiaries	2,474	1,911
Pledged deposits	8,789	7,373
Cash and cash equivalents	231,531	208,203
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Total current assets	1,492,982	1,273,929
<b>CURRENT LIABILITIES</b>		
Trade payables	445,819	388,443
Other payables and accruals	228,743	199,023
Defined benefit obligations	88	89
Deferred revenue	79,012	79,355
Interest-bearing bank and other borrowings	312,760	248,752
Due to an associate	3,302	2,899
Due to fellow subsidiaries	3,290	3,006
Tax payable	64,732	56,002
	<hr/>	<hr/>
Total current liabilities	1,137,746	977,569
<b>NET CURRENT ASSETS</b>	<hr/> <b>355,236</b>	<hr/> 296,360
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<hr/> <b>1,544,785</b>	<hr/> 1,469,618

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2011

	As at 31 July 2011 <i>HK\$'000</i> (Unaudited)	As at 30 April 2011 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Defined benefit obligations	1,536	1,633
Interest-bearing bank and other borrowings	11,357	11,229
Loan from a shareholder	12,502	12,230
Irredeemable convertible unsecured loan securities	302,304	302,891
Deferred tax liabilities	62,316	61,493
Other payables	357	286
	<hr/>	<hr/>
Total non-current liabilities	390,372	389,762
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Net assets	<u>1,154,413</u>	<u>1,079,856</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	1,104,016	1,104,016
Equity component of Irredeemable convertible unsecured loan securities	1,299,514	1,299,514
Reserves	<u>(1,264,065)</u>	<u>(1,338,141)</u>
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	1,139,465	1,065,389
Non-controlling interests	<u>14,948</u>	<u>14,467</u>
	<hr/>	<hr/>
Total equity	<u>1,154,413</u>	<u>1,079,856</u>

## **BUSINESS REVIEW**

For the quarter ended 31 July 2011, the Group registered a higher revenue of HK\$1.11 billion as compared to HK\$709.82 million reported during the same period last year. This sales result represented a growth of 56.5% achieved primarily due to the satisfactory performance of the Hong Kong and Macau markets and with moderate contribution from all other key overseas operating units. The increased number of both shoppers and business owners as a result of the continuous recruitment efforts and the enhancement in the member compensation package were the key factors in driving sales.

Net profit for the quarter increased from HK\$43.32 million reported in the previous year to HK\$79.62 million registering an increase of 83.8% which was in tandem with higher revenue growth. The growth in both revenue and net profit was also partly aided by the currency gain due to the weakening of Hong Kong dollar against other foreign currencies especially the Malaysian Ringgit.

The net profit growth registered in the current quarter was also attributed to the non-recurring employee benefit expenses of HK\$11.2 million incurred in last year corresponding quarter arising from the equity-settled transaction costs in relation to the share options scheme awarded to the eligible directors and employees. The better net profit was also achieved as a result of tighter control in operating costs particularly for the additional human resources, professional and advisory services and other pre-operating expenses arising from the group's expansion programme.

By order of the Board  
**Cosway Corporation Limited**  
**Tan Yeong Sheik, Rayvin**  
*Executive Director*

Hong Kong, 27 September 2011

*As at the date of this announcement, the Board of the Company 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. Leou Thiam Lai, Ms. Deng Xiao Lan, Rose and Mr. Massimo Guglielmucci.*