COSWAY CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 288)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2011

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

CONSOLIDATED INCOME STATEMENT
Six months ended 31 October 2011

		Unaudited Six months ended 31 October	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
			(Restated)
REVENUE	*4*	**2,172,900**	1,540,642
Cost of sales		**(1,297,088)**	(902,961)
Gross profit		**875,812**	637,681
Other income	*4*	**8,308**	6,150
Selling and distribution expenses		**(399,888)**	(266,437)
General and administrative expenses		**(284,149)**	(203,866)
Other expenses, net		**(15,838)**	(6,224)
Changes in fair value of investment properties		**37,264**	–
Finance costs	*5*	**(23,177)**	(20,357)
Share of profits and losses of associates		**493**	124
PROFIT BEFORE TAX	*6*	**198,825**	147,071
Income tax expense	*7*	**(46,138)**	(33,388)
PROFIT FOR THE PERIOD		**152,687**	113,683
Attributable to:			
Owners of the parent		**151,744**	112,474
Non-controlling interests		**943**	1,209
		152,687	113,683
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted (HK cents)		**1.20**	0.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 October 2011

	Unaudited Six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**152,687**	113,683
OTHER COMPREHENSIVE INCOME/(LOSS)		
Share of other comprehensive income/(loss) of associates	**(2,945)**	767
Exchange differences on translation of foreign operations	**(61,795)**	10,100
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(64,740)**	10,867
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**87,947**	124,550
Attributable to:		
Owners of the parent	**87,735**	123,077
Non-controlling interests	**212**	1,473
	87,947	124,550

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 October 2011

	Notes	**As at 31 October 2011 HK$'000 (Unaudited)**	As at 30 April 2011 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**399,533**	388,961
Investment properties		**355,924**	351,646
Goodwill		**326,703**	328,363
Investments in associates		**14,135**	16,660
Available-for-sale investments		**491**	513
Deposits		**73,491**	64,689
Deferred tax assets		**22,306**	22,426
Total non-current assets		**1,192,583**	1,173,258
CURRENT ASSETS			
Inventories		**1,063,582**	895,293
Trade receivables	*10*	**61,178**	65,826
Tax recoverable		**3,419**	1,048
Prepayments, deposits and other receivables		**131,104**	94,275
Due from fellow subsidiaries		**2,360**	1,911
Pledged deposits		**16,952**	7,373
Cash and cash equivalents		**189,635**	208,203
Total current assets		**1,468,230**	1,273,929
CURRENT LIABILITIES			
Trade payables	*11*	**374,103**	388,443
Other payables and accruals		**259,773**	199,023
Defined benefit obligations		**83**	89
Deferred revenue		**75,500**	79,355
Interest-bearing bank and other borrowings		**319,801**	248,752
Due to an associate		**2,850**	2,899
Due to fellow subsidiaries		**5,678**	3,006
Tax payable		**56,855**	56,002
Total current liabilities		**1,094,643**	977,569
NET CURRENT ASSETS		**373,587**	296,360
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,566,170**	1,469,618
NON-CURRENT LIABILITIES			
Defined benefit obligations		**1,401**	1,633
Interest-bearing bank and other borrowings		**9,780**	11,229
Loan from a shareholder		**12,714**	12,230
Irredeemable convertible unsecured loan securities		**309,691**	302,891
Deferred tax liabilities		**64,388**	61,493
Other payables		**393**	286
Total non-current liabilities		**398,367**	389,762
Net assets		**1,167,803**	1,079,856
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**1,104,016**	1,104,016
Equity component of irredeemable convertible unsecured loan securities		**1,299,514**	1,299,514
Reserves		**(1,250,406)**	(1,338,141)
		1,153,124	1,065,389
Non-controlling interests		**14,679**	14,467
Total equity		**1,167,803**	1,079,856

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

1. BASIS OF PREPARATION

The consolidated interim financial statements has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2011. The consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements of the Group for the year ended 30 April 2011, except for the accounting policy changes that are expected to be reflected in the audited financial statements for the year ending 30 April 2012 set out in note 2.

2. CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

The adoption of the above HKFRSs has had no significant impact on the accounting policies of the Group and the methods of computation in the Group's consolidated interim financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the direct selling/retailing segment is engaged in direct selling of household, personal care, healthcare and other consumer products; and

(b) the property investment segment is engaged in investment in prime office space for rental income potential.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, share of profits and losses of associates as well as head office and corporate income and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Period ended 31 October	Direct selling/Retailing		Property investment		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue						
Sales to external customers	**2,166,363**	1,534,782	**6,537**	5,860	**2,172,900**	1,540,642
Intersegment sales	**–**	–	**3,800**	3,002	**3,800**	3,002
	2,166,363	1,534,782	**10,337**	8,862	**2,176,700**	1,543,644
Reconciliation:						
Elimination of intersegment sales					**(3,800)**	(3,002)
Revenue					**2,172,900**	1,540,642
Segment results	**174,064**	158,314	**39,137**	2,840	**213,201**	161,154
Reconciliation:						
Interest income					**615**	147
Unallocated gains					**7,693**	6,003
Finance costs					**(23,177)**	(20,357)
Share of profits and losses of associates					**493**	124
Profit before tax					**198,825**	147,071

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of discounts and returns; the value of services rendered; and gross rental income received and receivable from investment properties during the period.

An analysis of revenue and other income is as follows:

	Six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**2,106,919**	1,491,431
Membership fee income	**59,444**	43,351
Gross rental income	**6,537**	5,860
	2,172,900	1,540,642
Other income		
Interest income	**615**	147
Others	**7,693**	6,003
	8,308	6,150

5. FINANCE COSTS

	Six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
An analysis of finance costs is as follows:		
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**8,503**	4,910
Interest on Irredeemable Convertible Unsecured Loan Securities ("ICULS")	**14,674**	15,447
	23,177	20,357

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**828,521**	694,840
Depreciation	**39,699**	25,759
Loss on disposal of items of property, plant and equipment	**1,596**	227
Changes in fair value of investment properties	**(37,264)**	–
Impairment of trade receivables, net	**1,232**	3,333
Impairment/(reversal of impairment) of other receivables	**500**	(843)
Write-down of inventories to net realisable value	**5,534**	3,802

7. INCOME TAX

Hong Kong profit tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	Six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong		
Charge for the period	**22,287**	8,576
Current – Malaysia		
Charge for the period	**10,586**	21,684
(Over)/underprovision in prior years	**(156)**	585
Current – Elsewhere		
Charge for the period	**5,564**	3,557
Deferred	**7,857**	(1,014)
Total tax charge for the period	**46,138**	33,388

8. DIVIDEND

The directors do not recommend the payment of any interim dividend for the period ended 31 October 2011 (2010: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings per share is based on the following data:

	Six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**151,744**	112,474

	2011	2010
	Number of	Number of
	Shares ('000)	*shares ('000)*
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares (inclusive of mandatorily convertible instruments) for the purpose of calculating the basic and diluted earnings per share	**12,611,732**	12,611,732

No adjustment has been made to the basic earnings per share amount presented for the period ended 31 October 2011 (2010: Nil) in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

10. TRADE RECEIVABLES

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**92,176**	97,104
Impairment	**(30,998)**	(31,278)
	61,178	65,826

The Group's trading credit terms range from 1 day to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current	**52,333**	56,325
1 to 2 months	**3,869**	855
2 to 3 months	**522**	4,056
Over 3 months	**4,454**	4,590
	61,178	65,826

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current	**263,728**	270,269
1 to 2 months	**37,318**	32,293
2 to 3 months	**15,237**	17,967
Over 3 months	**57,820**	67,914
	374,103	388,443

The trade payables are non-interest-bearing and are normally settled on 30-day to 90-day terms.

12. CONTINGENT LIABILITY

A subsidiary of the Group, namely Cosway (HK) Limited ("CHK"), is currently a respondent in a legal claim brought by a party alleging that CHK breached and repudiated a signed courier service agreement to use certain minimum services from a service provider. The directors, based on the advice from the Group's legal counsel, believe that CHK has a valid defense against the allegation and, accordingly, have not provided for any claim, other than the related legal and other costs.

13. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	31 October 2011 *HK$'000* **(Unaudited)**	30 April 2011 *HK$'000* (Audited)
Contracted, but not provided for:		
Property, plant and equipment	**18,034**	27,082
Others	**–**	1,709
	18,034	28,791
Authorised, but not contracted for:		
Property, plant and equipment	**910**	693
	18,944	29,484

14. COMPARATIVE AMOUNTS

During the current period, certain comparative amounts have been reclassified to confirm with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Results

Our efforts in building a competitive operating platform by taking bold steps in refining the members' compensation plan and the introduction of the "Prosumer" (profitable consumer) scheme had contributed to another impressive revenue growth for the Group for the six months ended 31 October 2011. The "Prosumer" scheme is in essence a "shopper gets shopper" programme in which members/shoppers gained incentives by just introducing new shoppers to shop at eCosway "Free Stores". With the wide array of Cosway products, new shoppers need only to switch brands on their regular purchases without having to incur additional expenditure or introduce their friends to do the same and earn a "profit".

The "Free Stores" expansion programme undertaken by the Group offering exclusively organic products under the "Country Farm Organic" brand name had also shown encouraging results and to-date, 27 new organic stores had been opened for business in both the Malaysian and Hong Kong markets.

The Group's intention to develop a wide network of physical retail chain stores in Mainland China had continued to generate tremendous response with eager shoppers crossing over to Hong Kong and Macau specifically to buy and try out our Cosway products.

Our foray into the new debutant countries, USA, New Zealand, Japan and UK in the second half of the last financial year where a total number of 90 new "Free Stores" are now fully operational, had registered moderate but steady growth amid the less than favourable economic conditions in the respective locations.

All the marketing initiatives mentioned above had contributed to the 41.0% increase in the Group's unaudited consolidated revenue for the six months ended 31 October 2011 amounted to HK$2.17 billion against HK$1.54 billion recorded in the same period in 2010. The Hong Kong and Macau markets benefited the most from aggressive marketing and recruitment activities with revenue growth of more than doubled the amount recorded in the same period in 2010 from HK$388.84 million to HK$794.27 million.

In tandem with the higher revenue, the Group's gross profit rose 37.3% to HK$875.81 million in the current period under review from HK$637.68 million in the previous year.

The Group's operating expenses increased by HK$221.19 million to HK$691.57 million for the six months ended 31 October 2011 against HK$470.38 million in the previous year, reflecting the growth in operations and some inflationary cost increases. Operating expenses as a proportion of sales increased marginally from 30.5% to 31.8%. The increase was mainly attributed to the pre-operating expenses, set-up costs and increased overheads to support the expansion.

Profit before tax grew 35.2% to HK$198.83 million against HK$147.07 million last year partly aided by the accounting for fair value gain of HK$37.26 million on certain Group's investment properties.

Results of Operations

Six Months Ended 31 October 2011 compared to Six Months Ended 31 October 2010

a) Revenue by Business Segment

	31 October 2011		31 October 2010		% increase in sales
	HK$'mil	*%*	*HK$'mil*	*%*	*%*
Direct Selling/Retailing	**2,166.36**	**99.7**	1,534.78	99.6	41.2
Others	**6.54**	**0.3**	5.86	0.4	11.6
Total	**2,172.90**	**100.0**	1,540.64	100.0	41.0

The bulk of the revenue is generated by the Direct Selling/Retailing of consumer goods, which are the principal activities of the Group.

The "Others" are the revenue generated from the investment activities of the Group.

b) Direct Selling/Retailing by Region

	31 October 2011		31 October 2010		% increase in sales
	HK$'mil	*%*	*HK$'mil*	*%*	*%*
Malaysia, Singapore and Brunei	**840.30**	**38.8**	826.42	53.8	1.7
Hong Kong, Macau and Taiwan	**1,017.08**	**46.9**	595.32	38.8	70.8
Other Countries	**308.98**	**14.3**	113.04	7.4	173.3
Total	**2,166.36**	**100.0**	1,534.78	100.0	41.2

Malaysia, Singapore and Brunei

The Malaysia, Singapore and Brunei markets reported marginal revenue growth of 1.7% for the six months ended 31 October 2011 as we undertook a consolidation exercise to replace the old Cosway stockists with "Free Stores" to project a consistent and uniform corporate identity. At the same time, we conducted performance review on the weaker "Free Stores" and proceeded to relocate them to new places with better foot-traffic.

This productivity assessment exercise is an ongoing process to establish the areas where further marketing initiatives may be required to improve the performance of the "Free Stores".

Hong Kong, Macau and Taiwan

This Greater China markets performed remarkably well with record revenue growth of 70.8% for the six months ended 31 October 2011 with aggregate revenue surpassing the HK$1.0 billion mark.

The Hong Kong and Macau markets responded overwhelmingly well to the new marketing initiatives with revenue of HK$744.07 million and HK$50.2 million, respectively being reported, for the current period under review as compared to HK$369.93 million and HK$18.91 million, respectively during the same period last year.

In the Taiwanese market, with the total number of "Free Stores"/stockists remained relatively constant, the revenue growth of almost 8% for the six months ended 31 October 2011 as compared to the same period last year was largely due to the gradual conversion of stockist centres to "Free Stores".

Other Countries

The Group's other countries comprising Australia, Indonesia, South Korea, Thailand, USA, Japan, New Zealand and UK had collectively contributed combined revenue of HK$308.98 million for the six months period ended 31 October 2011 against HK$113.04 million last year, representing a revenue growth of more than 100%. This favourable result showed that our hybrid business model is gradually gaining market acceptance in the respective overseas location.

Sales by Product Category

	Six months ended 31 October	
	2011	2010
CATEGORIES	**%**	%
Health Care	**38.5**	39.7
Personal Care	**32.8**	28.2
Home Care	**13.7**	15.2
Food & Beverage	**5.9**	7.6
Others	**9.1**	9.3
TOTAL	**100.0**	100.0

Product mix is consistent with previous period under review with Health Care products as the biggest sales contributor with almost 40% share of the Group's sales. Personal Care is the next biggest contributor, with its diverse ranges of skin care, face and body care, colour cosmetics, hair care and fragrances.

Future Prospects

Going forward, Management is optimistic that the marketing initiatives and strategies implemented in respect of new market entries, refinement on members' compensation plan and the organic "Free Stores" concept will be the main business drivers towards the Group's future performance.

Additionally, we are moving closer to the setting up of physical presence in Mainland China and the preparatory work for our business launches in Mexico and Colombia targeted in the final quarter of the financial year ending 30 April 2012 is in the final stages.

To derive maximum benefits from our "Free Stores" which are mostly situated in relatively prime locations with the high foot-traffic, we are in the process of selectively setting up a Cosway pharmacy section within the existing "Free Stores" in a new "store within a store" concept.

This new concept is designed to attract new prospective customers who are not our members/shoppers to patronise our "Free Stores".

Liquidity, Financial Resources and Capital Structure

The total equity of the Group was HK$1,168 million as at 31 October 2011 (30 April 2011: HK$1,080 million). The Group generally finances its operations with internally generated funds as well as banking facilities provided by its bankers. As at 31 October 2011, the total cash and cash equivalents were at HK$190 million (30 April 2011: HK$208 million). The current ratio of the Group was recorded as 1.3 times (30 April 2011: 1.3 times).

As at 31 October 2011, the interest-bearing bank loans and other borrowings of the Group repayable within one year and after one year were HK$320 million and HK$10 million (30 April 2011: HK$249 million and HK$11 million), respectively.

The Group's gearing ratio, which is interest-bearing bank borrowings less cash and cash equivalents ("Net Debt") divided by the equity attributable to owners of the parent plus Net Debt, was approximately 11% as at 31 October 2011.

During the period under review, certain ICULS holders (the "ICULS Holders") elected to convert the ICULS in the principal amount of HK$16, in aggregate, into new shares of HK$0.20 each. As a result of the conversion, the Company allotted and issued 80 new shares of HK$0.20 each to the ICULS Holders.

Exposure to Fluctuations in Exchange Rates

The Group is exposed to risk arising from various currency exposures primarily with respect to the Ringgit Malaysia. The Group's business are predominantly located in Malaysia and Asia Pacific. All transactions are conducted in currency of the various countries of the Group's operations. These investments in foreign operations' net assets are exposed to foreign currency translation risk.

The Group is also exposed to foreign currency transaction risks for the purchase of materials and payment obligations. Such exposures are mitigated through purchases denominated in relevant currencies, whenever possible. The Group will continue reviewing its exposure to fluctuations in exchange rates regularly and to consider using the appropriate financial instruments to mitigate these exposures as and when necessary.

Material Acquisition, Disposals and Significant Investment

Other than those disclosed in the paragraph of Summary of financial result above, the Group had no other material acquisition, disposals and significant investment during the six months period ended 31 October 2011.

Pledged of Assets

As at 31 October 2011, land and buildings, investment properties and bank deposits with a net book value of HK$94 million, HK$250 million and HK$17 million (30 April 2011: HK$97 million, HK$231 million and HK$7 million) respectively, were pledged to secure banking facilities for the Group.

Contingent Liability

Details of the contingent liability are set out in note 12 to the interim result announcement.

Capital Commitment

Details of the capital commitments are set out in note 13 to the interim result announcement.

The Group will continue to progressively incur capital expenditure in relation to the opening of "Free Stores" in both the new and existing markets. The actual amounts to be spent will depend on the availability of suitable sites and actual costs to be incurred in the respective markets. For the debutant markets in China, Mexico, Russia and Columbia, additional capital expenditure will be incurred on the setting up of Regional Administrative Offices and warehousing facilities.

Employees and Remuneration Policy

The Group had a total of approximately 1,500 employees as at 31 October 2011.

The remuneration policy of the Group is to ensure that the overall remunerations are fair and competitive in order to motivate and retain existing employees and at the same time to attract prospective employees. The remuneration policy has been formulated after having taken into account local practices in various geographical locations in which the Group and its associates are operating. These remuneration packages comprise basic salaries, allowances, retirement schemes, service bonuses, fixed bonuses, performance-based incentives and share options, where appropriate.

POSSIBLE PRIVATISATION

Capitalised terms used in this section shall have the same meanings as those defined in the Company's announcements dated 18 July 2011, 18 August 2011, 16 and 19 September 2011, 18 October 2011 and 18 November 2011 (collectively refer as to the "Announcements") respectively, unless the context requires otherwise.

On 18 July 2011, the Company announced that Cosway Corporation Berhad ("CCB"), the controlling shareholder of the Company, was considering the privatisation of the Company which might result in the delisting of the Company's shares from the Main Board of The Stock Exchange of Hong Kong Limited ("Possible Privatisation"). The Company has been informed by CCB that if they are to proceed with the Possible Privatisation, it is envisaged that it would be at a cash consideration of HK$1.10 per Company's share and HK$1.10 per HK$0.20 nominal amount of ICULS.

On 19 September 2011, the Company has been informed by Berjaya Corporation Berhad ("BCorp"), the ultimate holding company of CCB and the Company, that BCorp was considering a rights issue. BCorp also indicated that CCB would obtain bank borrowings to part finance the Possible Privatisation and the proceeds of the rights issue would be substantially utilised to pay down these bank borrowings.

Up to the date of this interim result announcement, BCorp is still progressing towards getting its shareholders' approval for the Possible Privatisation at the same extraordinary general meeting of BCorp to be convened for the rights issue. The Company will continue to update its shareholders and ICULS holders on the status of the Possible Privatisation.

Further details of the Possible Privatisation are set out in the Announcements.

INTERIM DIVIDEND

The Board do not recommend the payment of any interim dividend for the six months ended 31 October 2011 (2010: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 31 October 2011, neither the Company nor any its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has made specific enquiries to all directors of the Company who have confirmed that they have complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 31 October 2011.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules during the six months ended 31 October 2011 except the deviations as follows:

Code Provisions A.2.1

Mr. Chuah Choong Heong is both the Chairman of the Board and Chief Executive Officer of the Company. The Board considers that although such structure deviates from Rule A.2.1 of the Corporate Governance Code, the effective operation of the Group will not be impaired since Mr. Chuah has exercised sufficient delegation in the daily operation of the Group's business as Chief Executive Officer while being responsible for the effective operation of the Board as Chairman of the Board.

Code Provisions A.4.1

Although certain non-executive directors are not appointed for a specific term, they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the Company's 2011 Annual Report.

AUDIT COMMITTEE

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Company as well as the internal control procedures of the Company, and discussed financial reporting matters, including the review of unaudited consolidated interim financial statements for the six months ended 31 October 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.coswaycorp.com. The interim report will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

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

Hong Kong, 19 December 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.