THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your securities in the Company, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the Form(s) of Acceptance, the contents of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

BERJAYA

COSWAY CORPORATION BERHAD

(Company No: 194949-H)

(An indirect wholly-owned subsidiary of Berjaya Corporation Berhad and incorporated in Malaysia with limited liability)

COSWAY eCosway

COSWAY CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 288)

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES DUE 2019 CONVERTIBLE INTO ORDINARY SHARES OF COSWAY CORPORATION LIMITED

(Stock Code: 4314)

COMPOSITE DOCUMENT RELATING TO THE PROPOSED PRIVATISATION BY WAY OF VOLUNTARY UNCONDITIONAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF COSWAY CORPORATION BERHAD FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF AND THE IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES ISSUED BY COSWAY CORPORATION LIMITED (OTHER THAN THOSE SHARES AND IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES ALREADY HELD BY COSWAY CORPORATION BERHAD AND CERTAIN NON-ACCEPTING PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL THE SHARE OPTIONS OF COSWAY CORPORATION LIMITED

Financial Adviser to Cosway Corporation Berhad

建银国际
CCB International

CCB International Capital Limited

Independent Financial Adviser to the Independent Board Committee of Cosway Corporation Limited

SOMERLEY LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from CCBI containing, among other things, details of the terms of the Offer, is set out on pages 8 to 20 of this Composite Document.

A letter from the Board is set out on pages 21 to 24 of this Composite Document.

A letter from the Independent Board Committee is set out on pages 25 to 27 of this Composite Document.

A letter from Somerley, containing its advice in relation to the Offer to the Independent Board Committee, is set out on pages 28 to 60 of this Composite Document.

The procedures for acceptance of the Offer and other related information are set out on pages 61 to 70 in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptance of the Share Offer and ICULS Offer must be received by the Registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Friday, 2 March 2012, and acceptance of the Option Offer must be received by the Company Secretary, at Unit 1701, 17th Floor, Austin Plaza, 83 Austin Road, Jordan, Kowloon, Hong Kong by no later than 4:00 p.m. on Friday, 2 March 2012, (or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code).

10 February 2012

CONTENTS

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

	2012
Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and commencement date of the Offer *(Note 1)*	Friday, 10 February
Latest time and date for acceptance of the Offer *(Note 2)*	4:00 p.m. on Friday, 2 March
Closing Date of the Offer *(Note 2)*	Friday, 2 March
Announcement in respect of the results of the Offer to be posted on the website of the Stock Exchange *(Note 2)*	not later than 7:00 p.m. on Friday, 2 March
Latest date for posting of remittances for the amounts due in respect of valid acceptances received on or before 4:00 p.m. on the Closing Date *(Note 3)*	Monday, 12 March

Notes:

1. The Offer, which is unconditional, is made on Friday, 10 February 2012, being the date of despatch of this Composite Document and the accompanying Form(s) of Acceptance, and is capable of acceptance on and from that date until the Closing Date.

2. The Offer, which is unconditional, will be closed on the Closing Date. The latest time for acceptance of the Offer is at 4:00 p.m. on Friday, 2 March 2012 unless the Offeror revises or extends the Offer, with the consent of the Executive, in accordance with the Takeovers Code. An announcement in respect of the results of the Offer will be published on the website of the Stock Exchange by 7:00 p.m. on Friday, 2 March 2012 stating whether the Offer has been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open until further notice, at least 14 calendar days' notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders, Offer ICULS Holders and Optionholders who have not accepted the Offer. If in the course of the Offer, the Offeror revises the terms of the Offer, all the Offer Shareholders, Offer ICULS Holders and Optionholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 calendar days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

3. Remittances in respect of the cash consideration payable for the Offer Shares and the Offer ICULS (after deducting the seller's ad valorem and other stamp duties) and the Offer Options tendered under the Offer will be despatched to the accepting Offer Shareholders, Offer ICULS Holders and Optionholders by ordinary post at their own risk as soon as possible, but in any event within ten calendar days from the date of receipt by the Registrar or the Company Secretary (as the case may be) of all the requisite documents, from the Offer Shareholders, Offer ICULS Holders and Optionholders accepting the Offer, of the valid requisite documents.

4. Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances if the Offeror is unable to comply with any of the requirements of making announcements under Rule 19 of the Takeovers Code relating to the Offer, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements are met. For further details, please refer to the section headed "4. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.

All references to time and date contained in this Composite Document refer to Hong Kong time and dates.

In this Composite Document, unless the context otherwise requires, the following expressions shall have the meanings set out below:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associate"	has the meaning ascribed to it under the Takeovers Code
"BCorp"	Berjaya Corporation Berhad, a company incorporated in Malaysia with limited liability and the securities of which are listed on the Main Market of Bursa Malaysia Securities Berhad
"BCorp Group"	BCorp and its subsidiaries
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCBI"	CCB International Capital Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and which is the financial adviser to BCorp and the Offeror in respect of the Offer
"CCL" or "Company"	Cosway Corporation Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 288)
"CCL Group" or "Group"	the Company and its subsidiaries
"China" or "PRC"	the People's Republic of China, which for the purpose of this Composite Document, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Closing Date"	2 March 2012, being the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if the Offer is revised or extended, any subsequent closing date of the Offer as determined and announced by the Offeror, with the consent of the Executive, in accordance with the Takeovers Code

"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company Secretary"	the company secretary of the Company
"Composite Document"	this composite offer and response document jointly issued by and on behalf of the Offeror and the Company in relation to the Offer
"Deed Poll"	the deed poll executed by the Company dated 8 December 2009 constituting up to HK$2,190,000,000 principal amount of ICULS convertible into Shares, and any other document executed in accordance with such deed poll and expressed to be supplemental to such deed poll
"Director(s)"	the director(s) of the Company
"Disinterested Shares"	the Shares other than those owned by the Offeror, BCorp or parties acting in concert with any of them
"Executive"	the executive director of the Corporate Finance Division of the SFC or any delegate of such executive director
"Form(s) of Acceptance"	the **WHITE** Form(s) of Acceptance, the **YELLOW** Form(s) of Acceptance and the **PINK** Form(s) of Acceptance in respect of the Offer which accompany this Composite Document
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"ICULS(s)"	such 10-year one to three and a half per cent. (1-3.5%) irredeemable convertible unsecured loan securities with a principal sum of HK$2,190,000,000 issued by the Company on 8 December 2009 and listed by way of selectively marketed securities (stock code: 4314) on the Stock Exchange with conversion rights to convert them into Shares
"ICULS Holder(s)"	holder(s) of ICULS
"ICULS Offer"	the voluntary unconditional offer by CCBI on behalf of the Offeror to acquire the Offer ICULS, including any revision thereof, in accordance with the Takeovers Code, at the ICULS Offer Consideration, on and subject to the terms and conditions herein and in the **YELLOW** Form(s) of Acceptance
"ICULS Offer Consideration"	the cash amount of HK$1.10 payable by the Offeror for the acquisition of each HK$0.20 principal amount of ICULS which is the subject of valid acceptance under the ICULS Offer
"Independent Board Committee"	a committee of the Board comprising the three independent non-executive Directors, namely Mr. Leou Thiam Lai, Ms. Deng Xiao Lan, Rose and Mr. Massimo Guglielmucci, established to advise the Offer Shareholders, the Offer ICULS Holders and Optionholders in relation to the Offer
"Independent Financial Adviser" or "Somerley"	Somerley Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee in relation to the Offer
"Joint Announcement"	the joint announcement made by the Company and the Offeror dated 20 December 2011 in relation to the Offer
"Last Trading Day"	6 July 2011, being the last full trading day prior to the commencement of the Offer Period

"Latest Practicable Date"	7 February 2012, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Non-Accepting PACs"	those Shareholders and ICULS Holders who are parties acting in concert with the Offeror, or deemed as such in accordance with the Takeovers Code, and who have informed and confirmed to the Offeror that they will not be accepting the Offer, namely Berjaya Group (Cayman) Limited, Prime Credit Leasing Sdn. Bhd., Inter-Pacific Securities Sdn. Bhd., and Berjaya Hills Berhad
"NT$"	New Taiwan dollars, the lawful currency of Taiwan
"Offer"	(i) with regard to the Offer Shareholders, the Share Offer; (ii) with regard to the Offer ICULS Holders, the ICULS Offer; (iii) with regard to the Optionholders, the Option Offer; or (iv) where the context otherwise requires, the Share Offer, the ICULS Offer and the Option Offer
"Offer ICULS"	any and all of the outstanding principal amount of the ICULS other than those owned by the Offeror and the Non-Accepting PACs, which are subject to the ICULS Offer
"Offer ICULS Holder(s)"	holder(s) of the Offer ICULS
"Offer Option(s)"	any and all of the outstanding Share Options, which remain unexercised and are subject to the Option Offer
"Offer Period"	has the meaning ascribed to it under the Takeovers Code and commencing from 7 July 2011, being the date of the Original Offer Announcement up to and including the Closing Date
"Offer Share(s)"	any and all of the Shares other than those owned by the Offeror and the Non-Accepting PACs, which are subject to the Share Offer
"Offer Shareholder(s)"	holder(s) of the Offer Share(s)

"Offeror"	Cosway Corporation Berhad, a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of BCorp
"Option Offer"	the voluntary unconditional offer by CCBI on behalf of the Offeror to cancel all the Offer Options in accordance with the Takeovers Code, at the Option Offer Consideration, on and subject to the terms and conditions herein and in the **PINK** Form(s) of Acceptance
"Option Offer Consideration"	the cash amount of HK$0.000005 payable by the Offeror for the cancellation of each Offer Option which is the subject of valid acceptances under the Option Offer, subject to a minimum payment of HK$0.10 to each accepting Optionholder
"Optionholder(s)"	holder(s) of the Offer Option(s)
"Original Offer Announcement"	the announcement dated 7 July 2011, issued by the Company in connection with the privatisation proposal by its controlling shareholder
"Overseas Offer ICULS and/or Option Holder(s)"	Offer ICULS Holder(s) whose registered address(es) as entered in the register of ICULS Holders maintained by the Company is/are outside Hong Kong and/or Optionholder(s) whose registered address(es) as entered in the register of Share Option holders maintained by the Company is/are outside Hong Kong
"Overseas Offer Shareholder(s)"	Offer Shareholder(s) whose registered address(es) as shown in the register of members of the Company is/are outside Hong Kong
"**PINK** Form(s) of Acceptance"	the **PINK** form(s) of acceptance and transfer in respect of the Option Offer which accompanies this Composite Document, to be used by the Optionholders in respect of the Offer Option(s) for which they elect to accept at the Option Offer Consideration under the Option Offer
"Pre-Conditions"	the pre-conditions to the making of the Offer as described under the paragraph headed "PRE-CONDITIONS TO THE OFFER" of the Joint Announcement and this Composite Document, and the same had been fulfilled on 6 January 2012 and 20 January 2012

"Registrar"	Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, the branch share registrar of the Company in Hong Kong
"Relevant Period"	the period commencing six months immediately prior to 7 July 2011, being the commencement date of the Offer Period and up to and including the Latest Practicable Date
"RM"	Malaysian Ringgit, the lawful currency of Malaysia
"RMB"	Renminbi, the lawful currency of the PRC
"R$"	Brazilian Real, the lawful currency of Brazil
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.20 each in the share capital of the Company
"Shareholder(s)"	registered holder(s) of the Shares
"Share Offer"	the voluntary unconditional offer by CCBI on behalf of the Offeror to acquire the Offer Shares, including any revision thereof, in accordance with the Takeovers Code, at the Share Offer Consideration, on and subject to the terms and conditions herein and in the **WHITE** Form(s) of Acceptance
"Share Offer Consideration"	the cash amount of HK$1.10 payable by the Offeror for the acquisition of each Share which is the subject of valid acceptances under the Share Offer
"Share Option(s)"	option(s) to subscribe for Share(s) granted by the Company under the Share Option Scheme
"Share Option Scheme"	the share option scheme adopted by the Company on 23 November 2009
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiaries"	has the meaning ascribed to it in the Companies Ordinance
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers as in force from time to time
"trading day"	a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time; and "trading days" shall be construed accordingly
"Valuers"	Vigers Appraisal & Consulting Limited and Savills Valuation and Professional Services Limited
"**WHITE** Form(s) of Acceptance"	the **WHITE** form(s) of acceptance and transfer in respect of the Share Offer which accompanies this Composite Document, to be used by the Offer Shareholders in respect of the Offer Share(s) for which they elect to accept at the Share Offer Consideration under the Share Offer
"**YELLOW** Form(s) of Acceptance"	the **YELLOW** form(s) of acceptance and transfer in respect of the ICULS Offer which accompanies this Composite Document, to be used by Offer ICULS Holders in respect of the Offer ICULS(s) for which they elect to accept at the ICULS Offer Consideration under the ICULS Offer
"%"	per cent.

In the event of inconsistency, the English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese text.

Any reference to an exchange rate contained in this Composite Document is for the purpose of illustration only.

建银国际
CCB International

34th Floor,
Two Pacific Place, 88 Queensway
Admiralty
Hong Kong

10 February 2012

To the Offer Shareholders, the Offer ICULS Holders and the Optionholders

Dear Sir or Madam,

**VOLUNTARY UNCONDITIONAL CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
ON BEHALF OF
COSWAY CORPORATION BERHAD
FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF
AND THE
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES
ISSUED BY COSWAY CORPORATION LIMITED (OTHER THAN THOSE
SHARES AND IRREDEEMABLE CONVERTIBLE UNSECURED LOAN
SECURITIES ALREADY HELD BY COSWAY CORPORATION BERHAD AND
CERTAIN NON-ACCEPTING PARTIES ACTING IN CONCERT WITH IT)
AND
FOR THE CANCELLATION OF ALL THE SHARE OPTIONS OF
COSWAY CORPORATION LIMITED**

INTRODUCTION

On 20 December 2011, the Offeror and the Company jointly announced that, among others, CCBI, on behalf of the Offeror, intended to make a voluntary unconditional cash offer (i) to acquire all the Shares not already held by the Offeror or the Non-Accepting PACs; (ii) to acquire all the outstanding principal amount of the ICULS not already held by the Offeror or the Non-Accepting PACs; and (iii) to cancel all the outstanding Share Options, subject to the satisfaction of the Pre-Conditions. On 12 January 2012 and 20 January 2012, the Offeror and the Company jointly announced that the Pre-Conditions were fulfilled.

This letter sets out, among others, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the CCL Group. The terms and procedures of acceptance of the Offer are set out in this letter, Appendix I to this Composite Document of which this letter forms part, and the accompanying Form(s) of Acceptance. Terms used in this letter shall have the same meanings as defined in this Composite Document, unless the context otherwise requires.

THE OFFER

CCBI is, on behalf of the Offeror, making the Offer on the following basis:

The Offer Share(s) under the Share Offer:

For each Share . . . . HK$1.10 in cash

The Offer ICULS(s) under the ICULS Offer:

For each HK$0.20 principal amount of ICULS which shall be convertible into one Share . . . . HK$1.10 in cash

The Offer Option(s) under the Option Offer:

For the cancellation of each Share Option with an exercise price of HK$1.10 each . . . . HK$0.000005 in cash (subject to a minimum payment of HK$0.10 to each accepting Optionholder)

The Offer is unconditional and, therefore, is not conditional upon any minimum level of acceptance being received nor subject to any other conditions. Unless extended, the Offer will close on 2 March 2012.

As at the Latest Practicable Date, the Company had a total of 4,714,810,551 Shares in issue and 17,000,000 Share Options outstanding entitling the Optionholders to subscribe for 17,000,000 new Shares. In addition, the Company had HK$1,579,384,218 principal amount of ICULS outstanding in respect of which a total of 7,896,921,090 underlying new Shares could be issued upon conversion in full. Save as disclosed above, the Company had no other outstanding convertible securities, warrants, options or derivatives which are convertible or exchangeable into Shares as at the Latest Practicable Date.

By accepting the Share Offer, the Offer Shareholders are deemed to have warranted to the Offeror that the Offer Shares to be acquired under the Share Offer are fully paid-up and are acquired by the Offeror or its nominee(s) free from all liens, mortgages, charges, encumbrances, rights of pre-emption and any other third parties' rights of any nature together with all rights, benefits and entitlements attaching thereto as at the date when the Share Offer is made and open for acceptance or subsequently becoming attaching thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made and open for acceptance.

By accepting the ICULS Offer, the Offer ICULS Holders are deemed to have warranted to the Offeror that the Offer ICULS which are to be acquired under the ICULS Offer by the Offeror or its nominee(s) are free from all liens, mortgages, charges, encumbrances, rights of pre-emption and any other third parties' rights of any nature together with all rights, benefits and entitlements attaching thereto as at the date when the ICULS Offer is made and open for acceptance or subsequently becoming attaching thereto, including the rights to receive all future distributions, interest and payments of principal declared, paid or made in respect of the

Offer ICULS on or after the date on which the ICULS Offer is made and open for acceptance. For the avoidance of doubt, any interest accrued under the ICULS, whether since the last interest payment date (i.e. 7 December 2011) or otherwise, will be for the benefit of the Offeror (and the Offeror will not be required to account for such interest to the accepting Offer ICULS Holders).

By accepting the Option Offer, the Optionholders are deemed to have warranted to the Offeror that the Offer Options which are to be cancelled under the Option Offer shall be cancelled and renounced on the basis that such Offer Options are free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights attaching thereto on or after the date of the Joint Announcement.

It is noted that in accordance with the terms and conditions of the Share Option Scheme, any Share Options which remain unexercised will lapse on the Closing Date, regardless of whether the Company will remain listed or not after the Offer.

COMPARISON OF VALUE

The Share Offer Consideration of HK$1.10 for each Offer Share:

(i) represents a premium of approximately 34.15% over the closing price of HK$0.8200 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) represents a premium of approximately 42.49% over the average closing price of HK$0.7720 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;

(iii) represents a premium of approximately 46.86% over the average closing price of HK$0.7490 per Share as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;

(iv) represents a premium of approximately 45.06% over the average closing price of HK$0.7583 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

(v) represents a premium of approximately 348.98% over the unaudited consolidated net asset value per Share of approximately HK$0.245 as at 31 October 2011, which is based on total equity attributable to owners of the parent of HK$1,153,124,000 as stated in the unaudited interim report of CCL as at 31 October 2011 and 4,714,810,551 Shares in issue, assuming that there is no conversion of ICULS and no exercise of the Share Options;

(vi) represents a premium of approximately 14.58% over the closing price of HK$0.96 per Share as at the date of the Joint Announcement; and

(vii) equals to the closing price of HK$1.10 per Share as at the Latest Practicable Date.

Please refer to the section headed "5. MARKET PRICES" in Appendix IV to this Composite Document for further information on the market prices of the Shares.

HIGHEST AND LOWEST SHARE PRICES

During the Relevant Period, the highest and lowest closing price of the Shares as quoted on the Stock Exchange was HK$1.10 per Share on 7 February 2012 and HK$0.88 per Share on 4 October 2011, respectively.

TOTAL CONSIDERATION

On the basis that (i) there were 2,102,461,046 Offer Shares as at the Latest Practicable Date and that all the Offer Shareholders accept the Share Offer at the Share Offer Consideration in respect of their entire holdings of the Offer Shares; (ii) all the 17,000,000 Offer Options as at the Latest Practicable Date had not been exercised and all the Optionholders accept the Option Offer in respect of their entire holdings of the Offer Options at the Option Offer Consideration; and (iii) the outstanding principal amount of the Offer ICULS as at the Latest Practicable Date was HK$214,532,530 convertible into one Share for each HK$0.20 principal amount of ICULS and none of the Offer ICULS was converted and all such Offer ICULS Holders accept the ICULS Offer in full at the ICULS Offer Consideration, the maximum amount payable by the Offeror under the Offer is approximately HK$3,492.6 million.

The following table shows the total consideration payable by the Offeror for the Offer Shares, Offer ICULS and Offer Options:–

	Offer Shares	Offer ICULS	Offer Options	Total
Number of Offer Shares/Offer Options/Principal amount of Offer ICULS	2,102,461,046	HK$214,532,530	17,000,000	–
Offer price	HK$1.10	HK$1.10 for each HK$0.20 principal amount of ICULS	HK$0.000005 (subject to a minimum payment of HK$0.10 to each accepting Optionholder)	
Total offer price (HK$)	2,312,707,150.60	1,179,928,915.00	85.00	3,492,636,150.60

In the event that all the Offer Options are exercised in full by the Optionholders prior to the Closing Date which results in an additional 17,000,000 Shares being issued and assuming that all the Optionholders accept the Share Offer in respect of all those resulting Shares, the maximum amount payable by the Offeror under the Offer will be increased to approximately HK$3,511.3 million and in such case the Company will receive an aggregate subscription price for the exercise of the Offer Options of approximately HK$18.7 million. However, the Offeror does not expect the Optionholders to exercise the Offer Options given that the exercise price for each Share Option is the same as the Share Offer Consideration and there will be no additional monetary benefit to the Optionholders in so doing.

CONFIRMATION OF FINANCIAL RESOURCES

The Offeror will satisfy the cash consideration payable under the Offer from its bank facilities as well as internal resources. The provider of financing by way of a term loan facility is Malayan Banking Berhad. The term loan of RM1.4 billion will be repaid by RM656 million from the proceeds of BCorp's rights issue, and the balance will be repaid, inter-alia, via interest payments from the ICULS and dividend payments from the Company, if any, and from internally generated funds from within the BCorp Group. As such, interest payments from the ICULS and dividend payments from CCL depend on the cashflow of CCL, and on the business of CCL. CCBI, the financial adviser to BCorp and the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer. The bank facilities will be secured by, among others, a charge over 1,761,582,175 Shares, HK$1,340,912,542 principal amount of ICULS and such Offer Shares and Offer ICULS acquired by the Offeror pursuant to the Offer or acquired by the Offeror from the market during the Offer Period is made and open for acceptance. Save for the aforesaid, the Offeror has not entered into any arrangement, agreement, understanding and has no intention to transfer, charge or pledge the securities to be acquired pursuant to the Offer.

PRE-CONDITIONS TO THE OFFER

The Pre-Conditions (i) and (ii) as stated below had been fulfilled on 20 January 2012 and 6 January 2012, as set out in the joint announcement of the Offeror and the Company dated 20 January 2012 and 12 January 2012, respectively.

(i) the approval of the shareholders of BCorp at an extraordinary general meeting convened to approve the making of the Offer by the Offeror as well as the implementation of the proposed rights issue referred to in the Company's announcement dated 19 September 2011, at which the interested parties and persons connected to the Offeror shall abstain from voting in respect of their shareholdings in BCorp; and

(ii) such consent or approval as may be required by the Offeror or its holding companies for the making of the Offer and/or the completion of the Offer from the relevant governmental or regulatory bodies in Malaysia (including without limitation any approval of the Controller of Foreign Exchange of Bank Negara Malaysia) having been obtained (or if applicable, the waiting period for a response from those relevant governmental or regulatory bodies having expired).

UNCONDITIONAL OFFER

The Offer is unconditional and, therefore, is not conditional upon any minimum level of acceptance being received nor subject to any other conditions. As from the date of despatch of this Composite Document, the Offeror will receive any valid acceptances for the Offer Shares, the Offer ICULS and the Offer Options (which acceptances, once received, are not permitted to be withdrawn) under the Offer. The Offeror may also acquire the Offer Shares and the Offer ICULS on the Stock Exchange during the period the Offer is open for acceptance.

CLOSING OF OFFER

The Offer, which is unconditional, will be closed on the Closing Date. The latest time for acceptance of the Offer is at 4:00 p.m. on Friday, 2 March 2012 unless the Offeror revises or extends the Offer, with the consent of the Executive, in accordance with the Takeovers Code. An announcement in respect of the results of the Offer will be published on the website of the Stock Exchange by 7:00 p.m. on Friday, 2 March 2012. In the event that the Offeror decides that the Offer will remain open until further notice, at least 14 calendar days' notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders, Offer ICULS Holders and Optionholders who have not accepted the Offer.

AVAILABILITY OF THE OFFER

The Offeror intends to make available the Offer to all Offer Shareholders, Offer ICULS Holders and Optionholders, including those who are resident outside Hong Kong, to the extent practicable. However, the making of the Offer to persons residing outside of Hong Kong may be affected by the laws of the relevant overseas jurisdictions in which such persons are located. Overseas Offer Shareholders, Overseas Offer ICULS and/or Option Holders who are citizens, residents or national of a jurisdiction outside Hong Kong should acquaint themselves with and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Offer Shareholders and Overseas Offer ICULS and/or Option Holders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by the Overseas Offer Shareholders and the Overseas Offer ICULS and/or Option Holders who accept the Offer in respect of such jurisdiction). None of the Company, the Offeror, CCBI or any of their respective directors or professional advisers or any other parties involved in the Offer accepts any responsibility for any tax effect on, or liabilities of, the Overseas Offer Shareholders and Overseas Offer ICULS and/or Option Holders.

COMPULSORY ACQUISITION RIGHTS AND POSSIBLE WITHDRAWAL FROM LISTING

If the Offeror receives valid acceptance in respect of the Offer Shares and/or acquires Shares from the date of this Composite Document otherwise than through valid acceptance of the Offer, in respect of not less than 90% of the Disinterested Shares within, but not exceeding, a period of four months from the date of despatch of this Composite Document, the Offeror intends to privatise the Company by exercising the compulsory acquisition rights to which it may have under the Companies Ordinance and in accordance with Rule 2.11 of the Takeovers Code to acquire those Disinterested Shares not acquired by the Offeror, and following which the listing of the Company on the Stock Exchange shall be withdrawn pursuant to Rule 6.15 of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules in this regard.

It is the Offeror's intention to delist the Shares from the Stock Exchange. Subject always to compliance by the Offeror with the Takeovers Code, in particular, Rule 2.2 (c) of the

Takeovers Code, if the Offeror is not in a position to invoke compulsory acquisition as disclosed above (whether by reason of not receiving acceptance and/or acquiring 90% of the Disinterested Shares or otherwise within four months from the date of despatch of this Composite Document), the Offeror will review and assess the situation then with a view to taking steps to ensure that the minimum public float requirement under the Listing Rules is complied with following the closing of the Offer and maintain the listing status on the Stock Exchange.

Pursuant to the terms and conditions of the Deed Poll, a delisting of the ICULS from the Stock Exchange will constitute an event of default and as a result of which any ICULS Holder will be entitled to give notice to the Company to immediately convert their ICULS into Shares in accordance with the terms and conditions thereof.

If the Offeror acquires not less than 90% of the Offer ICULS in respect of which the ICULS Offer is made within, but not exceeding, a period of four months from the date of despatch of this Composite Document, it is the intention of the Offeror to exercise the rights it may have under the Companies Ordinance to compulsorily acquire those Offer ICULS not acquired by the Offeror pursuant to the ICULS Offer.

If, after the close of the ICULS Offer, there are no outstanding ICULS other than those held by the Offeror and parties acting in concert with it, it is the intention of the Offeror to procure a delisting of the ICULS from the Stock Exchange through unanimous consent of the Offeror and parties acting in concert with it, provided the Shares are also delisted. However, should the Shares remain listed, it is the intention of the Offeror that the ICULS remain listed on the Stock Exchange.

Under the Deed Poll, there is no express provision relating to any delisting procedures or requirements. If the Offeror is to formulate an application to the Stock Exchange for the delisting of the ICULS, it will procure the Company to seek to obtain the prior approval of the ICULS Holders to amend all relevant terms and conditions of the Deed Poll and to approve the delisting. In such circumstances, to the extent that there are still outstanding ICULS other than those held by the Offeror and persons acting in concert with it after the Closing Date, the Offeror and persons acting in concert with it will abstain from voting and the Stock Exchange may impose conditions in respect of the delisting as it may consider appropriate. Further announcement will be made regarding details of the procedures of the delisting of the ICULS in such event.

If, at the close of the Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

As such, it should be noted that, following the completion of the Offer, the number of Shares which remain in public hands may be insufficient to satisfy the minimum public float requirement under the Listing Rules, and therefore, the trading in the Shares may be suspended until the required level of minimum public float is restored.

IRREVOCABLE UNDERTAKINGS

The Offeror has received signed undertakings from each of the Non-Accepting PACs that they will not accept the Offer. Other than the foregoing, the Offeror had not received any other undertakings as at the Latest Practicable Date. Given those parties acting in concert with the Offeror (other than the Non-Accepting PACs) had not given an irrevocable commitment or undertaking in relation to the Offer as at the Latest Practicable Date, such parties may or may not accept the Offer.

SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and after completion of the Offer, assuming full acceptances of the Offer:

	As at the Latest Practicable Date				**After completion of the Offer**			
		Approximate		*Approximate*		*Approximate*		*Approximate*
	Shares	*%*	*ICULS (HK$)*	*%*	*Shares*	*%*	*ICULS (HK$)*	*%*
The Offeror	2,182,000,000	46.28	1,340,912,542	84.90	4,284,461,046	90.87	1,555,445,072	98.48
Non-Accepting PACs	430,349,505	9.13	23,939,146	1.52	430,349,505	9.13	23,939,146	1.52
Total held by the Offeror and Non-Accepting PACs	**2,612,349,505**	**55.41**	**1,364,851,688**	**86.42**	**4,714,810,551**	**100.00**	**1,579,384,218**	**100.00**
Other parties acting in concert with the Offeror (other than the Non-Accepting PACs)	753,480,329	15.98	161,040,969	10.20	–	–	–	–
Total held by the Offeror and parties acting in concert with it	**3,365,829,834**	**71.39**	**1,525,892,657**	**96.61**	**4,714,810,551**	**100.00**	**1,579,384,218**	**100.00**
Other Shareholders/ICULS Holders	1,348,980,717	28.61	53,491,561	3.39	–	–	–	–
Total	4,714,810,551	100.00	1,579,384,218	100.00	4,714,810,551	100.00	1,579,384,218	100.00
Offer Shares/Offer ICULS	**2,102,461,046**	**44.59**	**214,532,530**	**13.58**	**-**	**-**	**-**	**-**

Note: As at the Latest Practicable Date, parties acting in concert with the Offeror (other than the Non-Accepting PACs) were interested in 753,480,329 Shares, representing approximately 15.98% of the total issued share capital of the Company as at the Latest Practicable Date. Those parties acting in concert with the Offeror (other than the Non-Accepting PACs) were interested in HK$161,040,969 principal amount of the ICULS, representing approximately 10.20% of the principal amount of all the outstanding ICULS as at the Latest Practicable Date, which are convertible into 805,204,845 Shares in aggregate upon conversion in full and which in turn represent approximately 6.38% of the enlarged issued share capital of the Company (assuming full conversion of such ICULS and no exercise of the Share Options). Those parties acting in concert with the Offeror (other than the Non-Accepting PACs) had not given an irrevocable commitment in relation to the Offer as at the Latest Practicable Date and accordingly, they may or may not accept the Offer.

As at the Latest Practicable Date, the Company had 17,000,000 outstanding Share Options entitling the Optionholders to subscribe for up to an aggregate of 17,000,000 Shares at an exercise price of HK$1.10 per Share. If the Share Options are exercised in full, the Company will have to issue an additional 17,000,000 Shares, representing approximately 0.36% of the enlarged issued share capital of the Company (assuming that there is no conversion of the ICULS). As at the Latest Practicable Date, Mr. Tan Yeong Sheik, Rayvin, an executive Director, had been granted 500,000 Share Options; Mr. Chuah Choong Heong, the chairman of the Company, who is also a director of the Offeror, had been granted 7,500,000 Share Options; and Ms. Tan Ee Ling, a non-executive Director, who is also a director of certain members of the BCorp Group, had been granted 125,000 Share Options. Apart from the 3,365,829,834 Shares, HK$1,525,892,657 principal amount of the ICULS and the total of 8,125,000 Share Options held by Mr. Tan Yeong Sheik, Rayvin, Mr. Chuah Choong Heong and Ms. Tan Ee Ling, the Offeror and the parties acting in concert with it are not interested in any other securities of the Company.

SETTLEMENT OF CONSIDERATION

Settlement of consideration in respect of acceptance of the Offer will be posted in the form of a cheque or otherwise in accordance with the Takeovers Code as soon as possible but in any event within ten calendar days of the date on which duly completed and valid acceptance in respect of the Offer is received.

STAMP DUTY

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer and ICULS Offer will be payable by each Offer Shareholder and Offer ICULS Holder, respectively, at the rate of HK$1 for every HK$1,000 or part thereof of the market value of the Shares or the ICULS or the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer and ICULS Offer, whichever is higher. Such applicable seller's ad valorem stamp duty will be deducted from the cash amount due to such Offer Shareholder and Offer ICULS Holders under the Share Offer and ICULS Offer, respectively.

No stamp duty is payable in connection with the cancellation of the Offer Options under the Option Offer.

OTHER ARRANGEMENTS

As at the Latest Practicable Date, save for described above in the sections headed "CONFIRMATION OF FINANCIAL RESOURCES" and "IRREVOCABLE UNDERTAKINGS":

(i) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror which might be material to the Offer;

(ii) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the Offer;

(iii) none of the Offeror nor any parties acting in concert with it had borrowed or lent any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(iv) apart from the ICULS and Share Options, there were no outstanding derivatives in respect of securities in the Company entered into by the Offeror or any person acting in concert with it; and

(v) there was no arrangement, agreement or understanding between the Offeror and any other person to transfer, charge or pledge the beneficial interests in the Shares or Share Options acquired in pursuance of the Offer.

INFORMATION ON THE OFFEROR

The Offeror was incorporated on 15 March 1990 as a private limited company in Malaysia under the name of Singer Holdings (Malaysia) Sdn. Bhd.. On 13 June 1990, it was converted to a public limited company under the name of Singer Holding (Malaysia) Berhad. On 25 September 1991, the Offeror changed its name to Berjaya Singer Berhad, and subsequently assumed its present name on 11 September 1998. The Offeror was listed on the Main Board of Bursa Malaysia Securities Berhad in 1990, and was delisted on 4 June 2007. The principal activities of the Offeror are those of investment holding and the provision of management services to its subsidiary companies.

As at the Latest Practicable Date, the board of directors of the Offeror comprises Mr. Chuah Choong Heong, Ms. Vivienne Cheng Chi Fan and Mr. Tan Thiam Chai.

As at the Latest Practicable Date, the board of directors of BCorp comprises Tan Sri Dato' Seri Vincent Tan Chee Yioun, Dato' Robin Tan Yeong Ching, Tan Sri Datuk Abdul Rahim Bin Haji Din, Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar, Datuk Robert Yong Kuen Loke, Mr. Chan Kien Sing, Mr. Dickson Tan Yong Loong, Mr. Freddie Pang Hock Cheng, Ms. Vivienne Cheng Chi Fan, Mr. Tan Yeong Sheik, Rayvin, Dato' Azlan Meah Bin Hj Ahmed Meah, Mohd Zain Bin Ahmad, Ms. Zurainah Binti Musa and Ms. Jayanthi Naidu A/P G. Danasamy.

INFORMATION ON THE COMPANY

The Company (formerly known as Berjaya Holdings (HK) Limited) was incorporated in 1971, the Shares of which are listed on the Stock Exchange. The Company is an investment holding company, which is engaged in property investment. The principal activities of its principal subsidiary, Cosway (M) Sdn. Bhd., is the direct selling of consumer products including health and nutrition, slimming, personal care, skin care, cosmetics, perfumes, household and car care, food and beverage, water filtration systems, kitchenware, body shaping lingerie, etc. through network marketing and property investment. The Offeror is the controlling shareholder of the Company.

The following information is extracted from audited consolidated income statements of the Company for the two financial years ended 30 April 2010 and 2011:

	For the year ended 30 April	
	2010	**2011**
	HK$'000	*HK$'000*
	(audited)	(audited)
Revenue	2,329,278	3,368,483
Profit before taxation	283,110	352,724
Profit attributable to the Shareholders	211,756	268,669

RATIONALE FOR AND BENEFITS OF THE OFFER

The Offeror considers that the privatisation of the Company will facilitate business integration between the BCorp Group and the Company, which will provide the BCorp Group with greater flexibility to support the future business development of the Company without being subjected to regulatory restrictions and compliance obligations associated with the listing status of the Company on the Stock Exchange. Consequently, listing-related costs and expenses will also be saved when the Company is taken private.

The BCorp Group has high confidence in the growth potential of the consumer retail sector globally and the Company has identified various growth opportunities which may entail continuing financial support requirements from the Shareholders, which the BCorp Group can better provide support upon the privatisation of the Company.

Even if the privatisation is not successful due to insufficient level of acceptance, the Offer may result in an increase in the shareholding interest of BCorp Group in the Company.

The Offeror believes that the Offer provides an opportunity for the Offer Shareholders and Offer ICULS Holders to realise their Shares or ICULS (both of which have a relatively low degree of market liquidity) in return for cash. In this regard, the Offeror noted that the trading volume of the Shares and ICULS on the Stock Exchange had been generally low. The average daily trading volume of the Shares during the period from 7 July 2010 to the Last Trading Day was less than 900,000 Shares (representing approximately 0.02% of the total number of Shares in issue as at the Last Trading Day). Since the listing of the ICULS on 10 December 2009 until the Latest Practicable Date, the ICULS had not been traded on the Stock Exchange.

During the six-month period preceding 7 July 2011, the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.98 per Share on 7 January 2011, 25 January 2011, 27 January 2011 and 1 February 2011, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.71 per Share on 22 June 2011. In addition, the historically highest closing price of the Shares as quoted on the Stock Exchange from 7 July 2010 to the Last Trading Day was HK$1.05 per Share on 19 August 2010. The Offeror believes that the Share Offer Consideration represents a premium to the prices at which the market had valued the Company and has reflected the potential value of the development of the business of the Company in the next few years under its current state and provides an opportunity for the Offer Shareholders, the Offer ICULS Holders and the Optionholders to immediately realise their investments. The Offer therefore allows the Offer Shareholders, the Offer ICULS Holders and the Optionholders a chance to redeploy capital from accepting the Offer into other investment opportunities that they may consider more attractive in the current market environment.

INTENTION OF THE OFFEROR

It is the intention of the Offeror that the existing business of the CCL Group shall continue unaffected, notwithstanding the Offer. The Offeror does not have any intention to introduce any significant changes to the existing operations (other than to continue with its growth strategies) and management of the CCL Group, nor does it have any intention to make any significant changes to the continued employment of the CCL Group's employees. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company and will neither redeploy nor dispose of any of the assets (including fixed assets) of the CCL Group other than in the ordinary course of business.

TAX IMPLICATIONS

None of the Company, the Offeror, CCBI, Somerley, the Registrar or any of their respective directors or any other parties involved in the Offer is in a position to advise the Offer Shareholders, Offer ICULS Holders and Optionholders on their individual tax implications. The Offer Shareholders, Offer ICULS Holders and Optionholders are recommended to consult their own professional advisers as to any tax implications that may arise from accepting the Offer. None of the Company, the Offeror, CCBI, Somerley, the Registrar or any of their respective directors or any other parties involved in the Offer accepts any responsibility for any tax effect on, or liabilities of, the Offer Shareholders, Offer ICULS Holders or Optionholders.

GENERAL

To ensure equality of treatment of all the Offer Shareholders and Offer ICULS Holders, those Offer Shareholders and Offer ICULS Holders who hold the Shares or ICULS as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares and Offer ICULS whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the accepting Offer Shareholders, Offer ICULS Holders and Optionholders through ordinary post at their own risk. These documents and remittances will be sent to the accepting Offer Shareholders, accepting Offer ICULS Holders and accepting Optionholders at their respective addresses as appear in the register of members, register of ICULS Holders or register of Share Options holders (as the case may be) of the Company, or in the case of joint Offer Shareholders, joint Offer ICULS Holders and joint Optionholders, to such Offer Shareholder, Offer ICULS Holder and Optionholder whose name appear first in the said register of members, register of ICULS Holders or register of Share Options holders (as the case may be) of the Company. None of the Offeror, the Company, CCBI, Somerley, the Registrar, or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

Offer Shareholders, Offer ICULS Holders and Optionholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Somerley" set out in this Composite Document and to consult their professional advisers if in doubt. Your attention is drawn to the additional information set out in the appendices to this Composite Document, which form part of this Composite Document.

Yours faithfully,
for and on behalf of
CCB International Capital Limited
Patrick Lau
Managing Director and Head of Mergers and Acquisitions

COSWAY CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 288)

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES DUE 2019 CONVERTIBLE INTO ORDINARY SHARES OF COSWAY CORPORATION LIMITED
(Stock Code: 4314)

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. Leou Thiam Lai
Ms. Deng Xiao Lan, Rose
Mr. Massimo Guglielmucci

Registered office and principal place of business in Hong Kong:
Unit 1701
17th Floor, Austin Plaza
83, Austin Road
Jordan, Kowloon
Hong Kong

10 February 2012

To the Offer Shareholders, the Offer ICULS Holders and the Optionholders

Dear Sir or Madam,

PROPOSED PRIVATISATION BY WAY OF VOLUNTARY UNCONDITIONAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF COSWAY CORPORATION BERHAD FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF AND THE IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES ISSUED BY COSWAY CORPORATION LIMITED (OTHER THAN THOSE SHARES AND IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES ALREADY HELD BY COSWAY CORPORATION BERHAD AND CERTAIN NON-ACCEPTING PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL THE SHARE OPTIONS OF COSWAY CORPORATION LIMITED

INTRODUCTION

On 20 December 2011, the Offeror and the Company jointly announced that, among others, CCBI, on behalf of the Offeror, intended to make a voluntary unconditional cash offer (i) to acquire all the Shares not already held by the Offeror or the Non-Accepting PACs; (ii) to acquire all the outstanding principal amount of the ICULS not already held by the Offeror or the Non-Accepting PACs; and (iii) to cancel all the outstanding Share Options, subject to the satisfaction of the Pre-Conditions.

On 12 January 2012 and 20 January 2012, the Company and the Offeror jointly announced that the Pre-Conditions were fulfilled.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the CCL Group, the Offeror and the Offer, (ii) the "Letter from CCBI", containing, among others, details of the Offer; (iii) the "Letter from the Independent Board Committee" containing the recommendation and advice of the Independent Board Committee to the Offer Shareholders, Offer ICULS Holders and Optionholders regarding the Offer, (iv) the "Letter from Somerley" containing the advice of Somerley to the Independent Board Committee in relation to the Offer, and (v) the accompanying Form(s) of Acceptance.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Board after having received the Offer must in the interests of the Shareholders, establish an Independent Board Committee to advise the Shareholders in respect of the Offer. Pursuant to Rule 2.8 of the Takeovers Code, members of an independent committee of the Board should comprise all non-executive Directors who have no direct or indirect interest in the Offer for consideration by the independent committee other than, in the case of a director of the offeree company, as a shareholder of the offeree company.

As at the Latest Practicable Date, the Board had 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. Given that (a) Mr. Chan Kien Sing is also a common director of BCorp and is interested in the shares of BCorp; (b) Mr. Tan Thiam Chai is also a common director of the Offeror and is interested in the shares of BCorp; and (c) Ms. Tan Ee Ling is a director of certain members of the BCorp Group (which are not members of the CCL Group), the Independent Board Committee, which has been established, comprises only all three independent non-executive Directors.

The Independent Board Committee comprising all independent non-executive Directors namely, Mr. Leou Thiam Lai, Ms. Deng Xiao Lan, Rose and Mr. Massimo Guglielmucci, has been established for the purpose of advising the Offer Shareholders, Offer ICULS Holders and Optionholders in relation to the Offer.

Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer, whose appointment has been approved by the Independent Board Committee.

The "Letter from the Independent Board Committee" containing its recommendation and advice to the Offer Shareholders, Offer ICULS Holders and Optionholders in relation to the

Offer is set out on pages 25 to 27 of this Composite Document. The "Letter from Somerley" containing its advice to the Independent Board Committee in relation to the Offer is set out on pages 28 to 60 of this Composite Document.

THE OFFER

CCBI is, on behalf of the Offeror, making the Offer, subject to the terms set out in this Composite Document (including, without limitation, those in Appendix I) and in the accompanying Form(s) of Acceptance. Further details of the Offer are set out in the "Letter from CCBI" and Appendix I to this Composite Document.

As at the Latest Practicable Date, the Company had a total of 4,714,810,551 Shares in issue and 17,000,000 Share Options outstanding entitling the Optionholders to subscribe for 17,000,000 Shares. In addition, as at the Latest Practicable Date, the Company had HK$1,579,384,218 principal amount of ICULS outstanding in respect of which a total of 7,896,921,090 underlying new Shares could be issued upon conversion in full. Save as disclosed above, the Company had no other outstanding convertible securities, warrants, options or derivatives which are convertible or exchangeable into Shares as at the Latest Practicable Date.

COMPULSORY ACQUISITION RIGHTS AND POSSIBLE WITHDRAWAL FROM LISTING

Offer Shareholders, Offer ICULS Holders and Optionholders should note that the Offeror has stated that if the Offeror receives valid acceptance in respect of the Offer Shares and/or acquires Shares from the date of this Composite Document otherwise than through valid acceptance of the Offer, in respect of not less than 90% of the Disinterested Shares within, but not exceeding, a period of four months from the date of despatch of this Composite Document, the Offeror intends to privatise the Company by exercising the compulsory acquisition rights to which it may have under the Companies Ordinance and in accordance with Rule 2.11 of the Takeovers Code to acquire those Disinterested Shares not acquired by the Offeror, and following which the listing of the Company on the Stock Exchange shall be withdrawn pursuant to Rule 6.15 of the Listing Rules. For further details, please refer to the section headed "COMPULSORY ACQUISITION RIGHTS AND POSSIBLE WITHDRAWAL FROM LISTING" in the "Letter from CCBI" in this Composite Document.

INFORMATION ON THE OFFEROR, RATIONALE FOR AND BENEFITS OF THE OFFER AND INTENTION OF THE OFFEROR

Your attention is drawn to the sections headed "INFORMATION ON THE OFFEROR", "RATIONALE FOR AND BENEFITS OF THE OFFER" and "INTENTION OF THE OFFEROR" in the "Letter from CCBI" set out in this Composite Document for information on the Offeror, the rationale and benefits of the Offer and the intention of the Offeror in respect of the CCL Group.

The Board has noted the intention of the Offeror in respect of the CCL Group and is of the view that the Offeror's plan in respect of the CCL Group is in the best interest of CCL, the Shareholders and ICULS Holders as a whole. The Board will co-operate with and provide support to the Offeror to facilitate the smooth business operation and management of the CCL Group.

INFORMATION ON THE COMPANY

The Company (formerly known as Berjaya Holdings (HK) Limited) was incorporated in 1971, the Shares of which are listed on the Stock Exchange. The Company is an investment holding company, which is engaged in property investment. The principal activities of its principal subsidiary, Cosway (M) Sdn. Bhd., is the direct selling of consumer products including health and nutrition, slimming, personal care, skin care, cosmetics, perfumes, household and car care, food and beverage, water filtration systems, kitchenware, body shaping lingerie, etc. through network marketing and property investment. The Offeror is the controlling shareholder of the Company.

Your attention is drawn to the financial information, property valuation and general information of the CCL Group as set out in Appendices II, III and IV to this Composite Document.

RECOMMENDATIONS

Your attention is drawn to (i) the "Letter from the Independent Board Committee", and (ii) the "Letter from Somerley", in this Composite Document, which set out their respective recommendations and advice in relation to the Offer and the principal factors considered by them in arriving at their respective recommendations and advice.

ADDITIONAL INFORMATION

You are recommended to read the "Letter from CCBI" set out in this Composite Document and the accompanying Form(s) of Acceptance which set out, amongst other things, details of the Offer, information on the Offeror and its intention regarding the CCL Group, and the acceptance and settlement procedures of the Offer.

Your attention is also drawn to Appendix IV to this Composite Document for further information on the Company and the Offeror.

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

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Offer Shareholders, Offer ICULS Holders and Optionholders in respect of the Offer.

COSWAY CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 288)

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES DUE 2019 CONVERTIBLE INTO ORDINARY SHARES OF COSWAY CORPORATION LIMITED

(Stock Code: 4314)

10 February 2012

To the Offer Shareholders, Offer ICULS Holders and Optionholders

Dear Sir or Madam,

PROPOSED PRIVATISATION BY WAY OF VOLUNTARY UNCONDITIONAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF COSWAY CORPORATION BERHAD FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF AND THE IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES ISSUED BY COSWAY CORPORATION LIMITED (OTHER THAN THOSE SHARES AND IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES ALREADY HELD BY COSWAY CORPORATION BERHAD AND CERTAIN NON-ACCEPTING PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL THE SHARE OPTIONS OF COSWAY CORPORATION LIMITED

We refer to the composite offer and response document dated 10 February 2012 jointly issued by the Company and the Offeror (the "**Composite Document**") of which this letter forms part. Terms used herein shall have the same meanings as those defined in the Composite Document, unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders, Offer ICULS Holders and Optionholders are concerned. We, being members of the Independent Board Committee, have declared that we are independent and do not have conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and make recommendations to the Offer Shareholders, Offer ICULS Holders and Optionholders. Somerley has been appointed as the Independent Financial

Adviser to advise us (as members of the Independent Board Committee) in respect of the terms of the Offer. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from Somerley" on pages 28 to 60 of the Composite Document.

We also wish to draw your attention to the "Letter from the Board" and the "Letter from CCBI" as set out in the Composite Document and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having taken into account the terms of the Offer, the advice from Somerley and the principal factors and reasons taken into consideration by Somerley in arriving at its recommendation in respect of the Offer as set out in the "Letter from Somerley", we concur with the view of Somerley and consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders, the Offer ICULS Holders and the Optionholders are respectively concerned.

Accordingly, we recommend the Offer Shareholders, the Offer ICULS Holders and the Optionholders to consider accepting the Share Offer, the ICULS Offer and the Option Offer respectively.

Notwithstanding our recommendation, the Offer Shareholders, the Offer ICULS Holders and the Optionholders should consider carefully the terms and conditions of the Share Offer, ICULS Offer and Option Offer respectively.

The Offer Shareholders should consider the possibility that, following the close of the Offer, the price of the Shares in the open market may or may not be higher than the Share Offer Consideration. Should the market price of the Shares exceed the Share Offer Consideration during the Offer Period, and after deducting all transaction cost would exceed the net amount receivable under the Share Offer, the Offer Shareholders should consider selling their Shares in the open market rather than accepting the Share Offer.

Yours faithfully
For and on behalf of the
Independent Board Committee of
Cosway Corporation Limited

Mr. Leou Thiam Lai	**Ms. Deng Xiao Lan, Rose**	**Mr. Massimo Guglielmucci**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the letter of advice from Somerley to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Composite Document.

SOMERLEY LIMITED
10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

10 February 2012

To: The Independent Board Committee of Cosway Corporation Limited

Dear Sirs,

**PROPOSED PRIVATISATION
BY WAY OF VOLUNTARY UNCONDITIONAL CASH OFFER BY
COSWAY CORPORATION BERHAD
FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF
AND
THE IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES
ISSUED BY COSWAY CORPORATION LIMITED (OTHER THAN THOSE
SHARES AND IRREDEEMABLE CONVERTIBLE UNSECURED LOAN
SECURITIES ALREADY HELD BY COSWAY CORPORATION BERHAD AND
CERTAIN NON-ACCEPTING PARTIES ACTING IN CONCERT WITH IT)
AND
FOR THE CANCELLATION OF ALL THE SHARE OPTIONS OF
COSWAY CORPORATION LIMITED**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the voluntary unconditional cash offer by CCBI on behalf of the Offeror (i) to acquire all the Shares not already held by the Offeror or the Non-Accepting PACs; (ii) to acquire all the outstanding principal amount of the ICULS not already held by the Offeror or the Non-Accepting PACs; and (iii) to cancel all the outstanding Share Options. Details of the Offer are contained in this Composite Document of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

CCL made an announcement on 18 July 2011 advising that the Board had been informed by the Offeror that it was considering a possible privatisation of CCL which may result in the delisting of CCL from the Stock Exchange. Subsequent announcements were made by CCL in which the status of this possible privatisation proposal was updated. As stated in an announcement of CCL dated 19 September 2011, the Board was also informed by BCorp, being the holding company of the Offeror, that it was considering implementing a rights issue. On 20 December 2011, the Offeror and CCL jointly announced that CCBI, on behalf of the Offeror, intends to make this Offer.

As at the Latest Practicable Date, the Offeror and the Non-Accepting PACs were interested in an aggregate of 2,612,349,505 Shares, representing approximately 55.41% of the total issued share capital of CCL. The Offeror and the Non-Accepting PACs were also interested in an aggregate of HK$1,364,851,688 principal amount of the ICULS, representing approximately 86.42% of the principal amount of all the outstanding ICULS as at the Latest Practicable Date. Assuming all outstanding ICULS are converted in full (but none of the outstanding Share Options are exercised), the Offeror and the Non-Accepting PACs will be interested in 74.82% of the issued share capital of CCL. As at the Latest Practicable Date, CCL had outstanding 17,000,000 Share Options entitling the Optionholders to subscribe for an aggregate of 17,000,000 Shares at an exercise price of HK$1.10 per Share.

The Board comprised two executive Directors, three non-executive Directors and three independent non-executive Directors. Pursuant to Rule 2.8 of the Takeovers Code, members of an independent committee of the Board should comprise all non-executive Directors who have no direct or indirect interest in the Offer for consideration by the independent committee other than, in the case of a director of the offeree company, as a shareholder of the offeree company. Given that two non-executive Directors are also common directors of BCorp or the Offeror and are interested in the shares of BCorp and the remaining non-executive Director is a director of certain members of the BCorp Group (which are not members of the CCL Group), only the three independent non-executive Directors, namely Mr. Leou Thiam Lai, Ms. Deng Xiao Lan, Rose and Mr. Massimo Guglielmucci, have been constituted to advise the Offer Shareholders, the Offer ICULS Holders and the Optionholders in connection with this Offer. The Independent Board Committee has approved the appointment of Somerley as the independent financial adviser to the Independent Board Committee in the same regards.

We are not associated or connected with CCL or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to us in connection with this appointment or other similar appointments, no arrangement exists whereby we will receive any fees or benefits from CCL or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have reviewed, among other things, (i) the Joint Announcement; (ii) the circular of the Company dated 30 October 2009 in connection with the acquisitions (the "**Cosway Acquisition**") of 100% equity interest in Cosway (M) Sdn. Bhd. (including 60% equity interest already held by it in eCosway.com Sdn. Bhd.) and 40% equity interest in eCosway.com Sdn. Bhd., together with their respective subsidiaries, which formed the major business operation of the current CCL Group; (iii) the annual reports of CCL for the two years ended 30 April 2010 and 30 April 2011; (iv) the interim report of CCL for the six months ended 31 October 2011 (the "**2011 Interim Report**"); and (v) the property valuation reports of the CCL Group as set out in Appendix III to this Composite Document (the "**Valuation Reports**").

We have also relied on the information and facts supplied, and the opinions expressed, by the Directors and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of this letter. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the CCL Group, nor have we carried out any independent verification of the information supplied.

We have not considered the tax and regulatory implications on the Offer Shareholders, the ICULS Holders or the Optionholders of acceptance or non-acceptance of the Offer since these are particular to their individual circumstances. In particular, the Offer Shareholders, the ICULS Holders or the Optionholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

On behalf of the Offeror, CCBI is making the Offer on the following basis:

The Offer

For each Share . . . . .HK$1.10 in cash

For each HK$0.20 principal amount of ICULS which shall be convertible into one Share . . . . .HK$1.10 in cash

For cancellation of each Share Option with an exercise price of HK$1.10 each . . . . .HK$0.000005 in cash (subject to a minimum payment of HK$0.10 to each accepting Optionholder)

The Offer is unconditional and, therefore, is not conditional upon any minimum level of acceptances being received nor subject to any other conditions. Unless extended, the Offer will close on Friday, 2 March 2012.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offer, we have taken into account the following principal factors and reasons:

1. Background and information of CCL

CCL (formerly known as Berjaya Holdings (HK) Limited) was incorporated in 1971, the Shares of which are listed on the Stock Exchange. Prior to the Cosway Acquisition in 2009, CCL Group was principally engaged in property investment and investment holding with insignificant turnover and business activities. Upon completion of the Cosway Acquisition, CCL's principal subsidiary, Cosway (M) Sdn. Bhd., is mainly engaged in the direct selling of consumer products including health and nutrition, slimming, personal care, skin care, cosmetics, perfumes, household and car care, food and beverage, water filtration systems, kitchenware, body shaping lingerie, etc. through network marketing and property investment.

The Cosway Acquisition was chiefly funded by the issue of the Shares and the ICULS, because if the Shares alone had been issued, the public float of CCL would have been insufficient. Taking into account the irredeemable nature and other terms of the ICULS, it is our view that the factors in respect of the Offer relating to the ICULS Holders are for practical purposes identical to those relating to the Shareholders.

Detailed analyses on the financial information of the CCL Group and CCL's share price performance post the Cosway Acquisition are set out in sections 3 and 4 below.

2. Rationale for and benefits of the Offer

As set out in the letter from CCBI, the Offeror considers that the privatisation of the Company will facilitate business integration between the BCorp Group and the Company, which will provide the BCorp Group with greater flexibility to support the future business development of the Company without being subjected to regulatory restrictions and compliance obligations associated with the listing status of the Company on the Stock Exchange. Consequently, listing-related costs and expenses will also be saved when the Company is taken private.

The BCorp Group has high confidence in the growth potential of the consumer retail sector globally and the Company has identified various growth opportunities which may entail continuing financial support requirements from the Shareholders which the BCorp Group can better provide support upon the privatisation of the Company.

Even if the privatisation is not successful due to insufficient level of acceptances, the Offer may result in an increase in the shareholding interest of the BCorp Group in the Company.

The Offeror believes that the Offer provides an opportunity for the Offer Shareholders and the Offer ICULS Holders to realise their Shares or ICULS (both of which have a relatively low degree of market liquidity) in return for cash. In this regard, the Offeror noted that the trading volume of the Shares and the ICULS on the Stock Exchange had been generally low. The average daily trading volume of the Shares during the period from 7 July 2010 to the Last Trading Day was less than 900,000 Shares (representing approximately 0.02% of the total number of Shares in issue as at the Last Trading Day). Since the listing of the ICULS on 10 December 2009 until the Latest Practicable Date, the ICULS had not been traded on the Stock Exchange.

The facilitation of business integration mentioned above is a benefit to the Offeror so provides no particular reason for the Offer Shareholders and the Offer ICULS Holders to support this privatisation proposal. The Offer Shareholders and the Offer ICULS Holders should however be aware that there are substantial continuing connected transactions between the CCL Group and BCorp Group (other than CCL Group itself) which involve certain administrative costs being incurred by the Company. The Offer Shareholders should also note the comment above that the expected growth of the Company may require financial support from the Shareholders and also be aware, if they are not the ICULS Holders, that full conversion of the outstanding ICULS may result in over 50% dilution of their interest in CCL.

The principal benefits of the Offer to the Offer Shareholders and the Offer ICULS Holders arise, in our view, from the lacklustre performance of the Share price and trading liquidity which we discuss in detail in section 4 below.

3. Analysis on the financial information of the CCL Group

(a) Financial performance

Set out below are the summarised consolidated income statement of the Company for the three years and six months ended 31 October 2011.

	Six months ended 31 October		Year ended 30 April		
	2011	2010	2011	2010	2009
	(Unaudited)	(Unaudited and restated)	(Audited)	(Audited)	(Audited and restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	2,172,900	1,540,642	3,368,483	2,329,278	1,726,896
Cost of sales	(1,297,088)	(902,961)	(1,968,746)	(1,352,953)	(1,056,922)
Gross profit	875,812	637,681	1,399,737	976,325	669,974
Gross profit margin	*40.3%*	*41.4%*	*41.6%*	*41.9%*	*38.8%*
Other income	8,308	6,150	12,430	15,166	13,946
Operating and other expenses	(699,875)	(476,527)	(1,081,675)	(698,733)	(502,368)
Changes in fair value of investment properties	37,264	–	65,972	9,010	(1,208)
Finance costs	(23,177)	(20,357)	(44,363)	(19,031)	(1,871)
Share of profits and losses of associates	493	124	623	373	80
Profit before tax	198,825	147,071	352,724	283,110	178,553
Income tax expense	(46,138)	(33,388)	(81,609)	(60,885)	(42,702)
Profit for the period/year	152,687	113,683	271,115	222,225	135,851
Profit margin	*7.0%*	*7.4%*	*8.0%*	*9.5%*	*7.9%*
Profit margin (excluding changes in fair value of investment properties and corresponding tax effect)	*5.7%*	*7.4%*	*6.5%*	*9.2%*	*7.9%*
Attributable to:					
The Shareholders	151,744	112,474	268,669	211,756	120,937
Non-controlling interests	943	1,209	2,446	10,469	14,914
	152,687	113,683	271,115	222,225	135,851

(i) Revenue

The CCL Group's revenue is substantially driven by the direct selling and retailing of consumer goods, comprising products in health care, personal care, home care, food and beverage, etc. The CCL Group posted an increase in revenue of approximately 44.6% to approximately HK$3.37 billion for the year ended 30 April 2011 against approximately HK$2.33 billion for the same period in prior year. The increase was mainly attributed to revenue growth in existing markets where the CCL Group operates, particularly in the Malaysian, Hong Kong and Taiwanese markets, with year-on-year increase in revenue from 28.1% to 39.9%. The growth was driven by the improved productivity of the new "Free Stores". The revenue growth was further accelerated with the contribution from new debutant countries such as Japan and the United States of America (the "**USA**").

The revenue growth continued for the six months ended 31 October 2011 whereby the CCL Group's revenue increased by approximately 41.0% to approximately HK$2.17 billion as compared to approximately HK$1.54 billion for the corresponding period in the prior year. The increase in revenue is contributed by a number of marketing initiatives including, among other things, (i) refining members compensation and introduction of the "Prosumer" scheme, i.e. "shopper gets shopper" programme; (ii) expansion in "Free Stores" programme to offer "Country Farm Organic" brand products exclusively; (iii) eager shoppers in Mainland China crossing over to buy the CCL Group's products after the CCL Group expressed its intention to develop a network of physical retail chain stores in Mainland China; and (iv) growth in "Free Stores" in USA, New Zealand, Japan and the United Kingdom.

(ii) Gross profit

In tandem with the increased revenue, gross profit rose by approximately 43.4% to approximately HK$1.40 billion for the year ended 30 April 2011 as compared to approximately HK$976.3 million for the corresponding period in prior year, and approximately 37.3% to approximately HK$875.8 million for the six months ended 31 October 2011 as compared to approximately HK$637.7 million for the corresponding period in prior year. The overall gross profit margin remained fairly consistent during the period under review.

(iii) Operating and other expenses

Operating and other expenses consist of selling and distribution expenses, general and administrative expenses and other expenses, net. The proportion of operating and other expenses, as compared to the revenue, has increased to approximately 32.1% for the 18 months ended 31 October 2011 as compared to approximately 30.0% for the year ended 30 April 2010. As explained by the management of the CCL Group, the increase was mainly attributable to pre-operating expenses, set-up costs and increased overheads to support the expansion globally.

(iv) Net profit

The net profit of the CCL Group has grown by approximately 22.0% to approximately HK$271.1 million for the year ended 30 April 2011 as compared to approximately HK$222.2 million for the prior year. However, after excluding fair value gain on investment properties and the corresponding tax effect of approximately HK$53.6 million, net profit would have been decreased to approximately HK$217.5 million. The net profit margin (excluding changes in fair value of investment properties and the corresponding tax effect) also dropped from approximately 9.2% for the year ended 30 April 2010 as compared to approximately 6.5% for the year ended 30 April 2011. As discussed with the management of the CCL Group, the decrease in net profit (excluding changes in value of investment properties and the corresponding tax effect) was due to, among other things, (i) the increase in operating and other expenses as discussed above; (ii) the increase in finance costs in relation to the ICULS and new bank borrowings; and (iii) the increase in income tax expense due to higher contribution from profitable countries.

The net profit for the six months ended 31 October 2011, excluding changes in the fair value of investment properties and the corresponding tax effect, was approximately HK$124.6 million and it represented an increase of approximately HK$10.9 million or 9.6% from the corresponding period in prior year. The net profit margin decreased to 5.7% (excluding changes in fair value of investment properties and the corresponding tax effect) for the six months ended 31 October 2011 from approximately 7.4% for the corresponding period in prior year. As discussed with the management of the CCL Group, the relatively small growth in net profit or the decrease in the net profit margin was mainly due to the increase in operating and other expenses as discussed above.

(b) Financial position

Set out below are the summarised consolidated balance sheet of the Company as at 31 October 2011, 30 April 2011, 30 April 2010 and 1 May 2009.

	As at 31 October 2011	**As at 30 April 2011**	**As at 30 April 2010**	**As at 1 May 2009**
	(Unaudited)	(Audited)	(Audited and restated)	(Audited and restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	399,533	388,961	235,007	128,247
Investment properties	355,924	351,646	264,519	114,990
Goodwill	326,703	328,363	317,395	9,741
Others	110,423	104,288	63,559	31,211
Total non-current assets	1,192,583	1,173,258	880,480	284,189
CURRENT ASSETS				
Inventories	1,063,582	895,293	581,889	402,138
Others	404,648	378,636	285,508	269,517
Total current assets	1,468,230	1,273,929	867,397	671,655
CURRENT LIABILITIES				
Trade payables	374,103	388,443	260,515	230,991
Other payables and accruals	259,773	199,023	121,906	85,659
Interest-bearing bank and other borrowings	319,801	248,752	163,448	58,384
Others	140,966	141,351	112,982	80,703
Total current liabilities	1,094,643	977,569	658,851	455,737
TOTAL ASSETS LESS CURRENT LIABILITIES	1,566,170	1,469,618	1,089,026	500,107

	As at 31 October 2011 (Unaudited) *HK$'000*	As at 30 April 2011 (Audited) *HK$'000*	As at 30 April 2010 (Audited and restated) *HK$'000*	As at 1 May 2009 (Audited and restated) *HK$'000*
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	9,780	11,229	2,591	35
The ICULS	309,691	302,891	391,831	–
Others	78,896	75,642	32,970	3,819
Total non-current liabilities	398,367	389,762	427,392	3,854
Net assets	1,167,803	1,079,856	661,634	496,253
EQUITY				
Equity attributable to the Shareholders				
Issued capital	1,104,016	1,104,016	553,400	332,861
Equity component of the ICULS	1,299,514	1,299,514	1,752,505	–
Reserves	(1,250,406)	(1,338,141)	(1,656,442)	125,478
	1,153,124	1,065,389	649,463	458,339
Non-controlling interests	14,679	14,467	12,171	37,914
Total equity	1,167,803	1,079,856	661,634	496,253

(i) Property, plant and equipment and investment properties

The property, plant and equipment of the CCL Group mainly represent the renovation works, land and buildings and office and computer equipment. The significant increase during the year ended 30 April 2011 was mainly due to the capital expenditure spent on the opening of over 300 new "Free Stores" during the year. Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Majority of the property, plant and equipment were renovation works and office and computer equipment and approximately one-third of the carrying value of the property, plant and equipment were related to land and buildings as at 30 April 2011.

The investment properties, as discussed with the management of the CCL Group, chiefly represent the non-self use portion of properties of the CCL Group renting out to third parties and/or held for capital appreciation. The investment properties are located in Hong Kong, Mainland China, Malaysia, Taiwan and Brazil. The investment properties are stated at fair market value on the accounts of the CCL Group.

As set out in the Valuation Reports, the land and buildings and investment properties of the CCL Group were valued at approximately HK$516.4 million, compared with the book cost of HK$476.3 million. As set out in the Valuation Reports, the Valuers have applied a mix of direct comparison method, income approach and depreciated replacement cost approach in valuing the properties of the CCL Group. Details in respect of the valuation methodology adopted by the Valuers are set out in the Valuation Reports in Appendix III to this Composite Document.

We have discussed with the Valuers on the rationale of adopting different valuation methodology in valuing different properties. The Valuers mentioned that in most of the cases, they would adopt a direct comparison approach and/or income approach. In adopting the direct comparison approach, the Valuers have reviewed the recent transactions for similar premises in the proximity and made adjustments based on, among other things, the differences in transaction dates, building age and floor number and views among the comparable properties and the subject property.

In cases where the property is rented out for rental income, they would adopt the direct comparison approach in its valuation and counter check the results by income approach or vice versa. In adopting the income approach, the Valuers have taken into account the current rent passing of the property interest and the reversionary potential of the tenancy.

In respect of properties without sufficient comparable transaction evidence available and/or if the structure of the properties are specialised in nature, the Valuers are of the view that it is not practicable to prepare a reliable valuation on the property based on direct comparison approach, as such they would rely on income approach (in cases where the property is rented out for rental income), or depreciated replacement cost method on the structure portion together with the direct comparison method on the land portion (in cases where the property is for self use). In adopting the depreciated replacement cost method, the Valuers considered the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The Valuers are of the view that the depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparables sales.

Based on the above, we consider the valuation methodologies, and bases and assumptions adopted for the valuation of the properties of the CCL Group by the Valuers are reasonable.

(ii) Goodwill

Goodwill of the CCL Group was mainly generated during the year ended 30 April 2010 as a result of the Cosway Acquisition. Goodwill represents the excess of the consideration for the acquisition over the net identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment at least annually as at 30 April and no impairment has been identified so far.

(iii) Inventories

Inventories mainly represent finished goods held for sales. As discussed with the management of the CCL Group, the increase in inventory balance was largely driven by the increase in the revenue of the CCL Group. The increases in the inventories during the year ended 30 April 2011 and the six months ended 31 October 2011 were generally in line with the increases in revenue during the corresponding periods.

(iv) Trade payables

Trade payables chiefly represent the amounts due to the suppliers and accrued direct expenses of the CCL Group. The increases were in line with the increases in inventories and cost of sales during the year ended 30 April 2011 and the six months ended 31 October 2011.

(v) Interest-bearing bank and other borrowings

As at 31 October 2011, total interest-bearing bank and other borrowings were approximately HK$329.6 million, of which HK$319.8 million were repayable within the next 12 months. Majority of these borrowings carried floating rates.

(vi) The ICULS

The ICULS were issued as part of the consideration for the acquisition of the CCL Group's existing business of direct selling and retailing of consumer goods in December 2009. The principal sum of the 10-year ICULS was HK$2,190 million at the time of issuance. The ICULS are convertible, at the option of the ICULS Holders, into the Shares at any time until the maturity date on the basis of one Share for every HK$0.20 ICULS held. The ICULS carry interest at a rate of 1% per annum for the first and the second year and 3.5% per annum subsequently. The present value of the future interest payments to the ICULS Holders was recorded as a liability in the accounts of the CCL Group while the remaining balance is assigned as the equity component and is included in the Shareholders' equity.

(vii) Net asset value and net tangible asset value

The net asset value (excluding non-controlling interest, the "**NAV**") attributable to the Shareholders was approximately HK$1,153.1 million as at 31 October 2011.

As mentioned in the paragraph headed "property, plant and equipment and investment properties" above, the land and buildings of the CCL Group are stated at cost less accumulated depreciation and any impairment losses, whilst the investment properties are stated at fair value. Therefore, the carrying value of the land and buildings may differ from the most current valuation.

Furthermore, there were outstanding ICULS which may convert up to approximately 7,896.9 million Shares. Upon full conversion of the outstanding ICULS, the NAV per Share is expected to decrease as the conversion price of the ICULS of HK$0.20 is lower than the latest reported NAV per Share as of 31 October 2011.

Set out below are the computation of the NAV attributable to the Shareholders adjusted for (i) the valuation of the land and buildings and investment properties to reflect their current value; and (ii) the full conversion of the outstanding ICULS.

	NAV *(HK$ million)*	**Number of Shares** *(million)*	**NAV per Share** *(HK$)*
NAV attributable to the Shareholders as at 31 October 2011	1,153.1		
Add: valuation of the land and buildings and investment properties attributable to the Shareholders	516.4		
Less: carrying value of the land and buildings and investment properties attributable to the Shareholders	(476.3)		
Adjusted NAV attributable to the Shareholders as at 31 October 2011	1,193.2		
Number of Shares outstanding as at the Latest Practicable Date		4,714.8	**0.25**
Add: Transfer of the liability component of the ICULS upon full conversion of outstanding ICULS	309.7		

	NAV (HK$ million)	Number of Shares (million)	NAV per Share (HK$)
Adjusted NAV attributable to the Shareholders as at 31 October 2011 upon full conversion of outstanding ICULS	1,502.9		
Add: Additional number of the Shares upon full conversion of outstanding ICULS		7,896.9	
Total number of Shares upon full conversion of outstanding ICULS		12,611.7	**0.12**

On the basis as discussed in this sub-section above, the net tangible asset value (the "**NTAV**"), being the NAV less goodwill, per Share after adjusted for the fair value of the land and buildings and investment properties of the CCL Group would become approximately HK$0.18, and the NTAV per Share after full conversion of the outstanding ICULS would become approximately HK$0.09.

4. Analysis on the price performance and trading liquidity of the Shares and the ICULS

(a) Price performance

The Share Offer Consideration of HK$1.10 for each Offer Share:

(i) represents a premium of approximately 34.15% over the closing price of HK$0.82 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) represents a premium of approximately 42.49% over the average closing price of HK$0.772 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;

(iii) represents a premium of approximately 46.86% over the average closing price of HK$0.749 per Share as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;

(iv) represents a premium of approximately 45.06% over the average closing price of approximately HK$0.7583 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

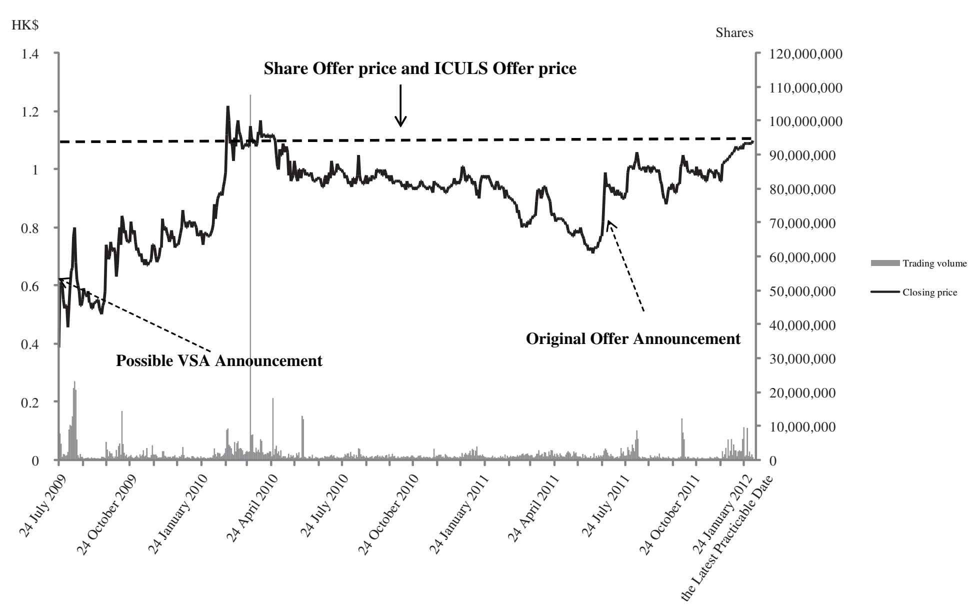
(v) represents a premium of approximately 348.98% over the unaudited consolidated net asset value per Share of approximately HK$0.245 as at 31 October 2011, which is based on total equity attributable to owners of the parent of HK$1,153,124,000 as stated in the unaudited interim report of CCL as at 31 October 2011 and 4,714,810,551 Shares in issue assuming no conversion of the ICULS and no exercise of the Share Options;

(vi) represents a premium of approximately 816.67% over the unaudited consolidated NAV per Share in paragraph (v) above, adjusted for the valuation of the land and buildings and investment properties to reflect their current value and the full conversion of the outstanding ICULS, of approximately HK$0.12 as at 31 October 2011;

(vii) represents a premium of approximately 14.58% over the closing price of HK$0.96 per Share as at the date of the Joint Announcement; and

(viii) equals to the closing price of HK$1.10 per Share as at the Last Practicable Date.

Set out below is the movement of the closing price and the trading volume of the Shares from 24 July 2009, being the first trading day after the publication of the initial announcement by CCL dated 23 July 2009 in connection with the possible acquisition of the business of Cosway (M) Sdn. Bhd. from BCorp (the "**Possible VSA Announcement**"), up to and including the Latest Practicable Date (the "**Review Period**"):



Source: Bloomberg

The closing price of the Shares was HK$0.385 immediately prior to the publication of the Possible VSA Announcement. As set out in the chart above, the closing price of the Shares surged to HK$0.60 after the release of the Possible VSA Announcement. The trading price of the Shares continued to increase after completion of the Cosway Acquisition on 8 December 2009 and peaked at HK$1.34 (being an intra-day traded price) on 2 March 2010. Since then, the closing price of the Shares oscillated with a downward trend to reach HK$0.81 on 18 March 2011, the trading date immediately prior to the release of CCL's unaudited quarterly results for the nine months ended 31 January 2011. Thereafter and just before the release of the Original Offer Announcement on 7 July 2011, the closing price of the Shares has mostly stayed within the range from HK$0.71 to HK$0.94 with an average of approximately HK$0.81. After the release of the Original Offer Announcement and up until the Latest Practicable Date, both the lower bound and upper bound of the closing price of the Shares uplifted to a level of HK$0.88 and HK$1.10 respectively with the average closing price of the Shares increased to approximately HK$0.99. In light of the above, we believe the recent trading price of the Shares is supported by the Offer and is unlikely to be sustained after the Offer closes or lapses. As such, we consider the Share Offer Consideration of HK$1.10 represents a premium of approximately 35.8% over the undisturbed market price when compared to the aforesaid average closing price of the Shares before the release of the Original Offer Announcement of approximately HK$0.81. From the Offer Shareholders' perspective, the Share Offer Consideration is considered to be of a substantial uplift in shareholder value.

There had been no trading of the ICULS on the Stock Exchange since the listing of the ICULS on 10 December 2009 and up to the Latest Practicable Date.

(b) Trading liquidity

Set out in the table below are the monthly total trading volumes of the Shares and the percentages of such monthly total trading volumes to the total issued share capital of CCL during the Review Period:

	Monthly total trading volume of the Shares	**Percentage of the monthly total trading volume of the Shares to the total issued Shares** *(Note)*
2009		
From 24 July 2009 to 31 July 2009	15,773,975	2.7%
August	118,217,000	20.0%
September	17,230,000	2.9%
October	39,010,000	6.6%
November	23,220,000	3.9%
December	17,826,000	1.1%

	Monthly total trading volume of the Shares	Percentage of the monthly total trading volume of the Shares to the total issued Shares *(Note)*
2010		
January	7,640,000	0.5%
February	19,183,500	1.2%
March	184,721,000	11.1%
April	63,575,000	3.2%
May	22,796,500	1.2%
June	34,360,000	1.8%
July	10,015,000	0.5%
August	23,441,500	1.2%
September	13,200,000	0.4%
October	11,692,000	0.3%
November	13,865,000	0.3%
December	14,070,000	0.3%
2011		
January	29,155,000	0.6%
February	8,155,000	0.2%
March	20,332,000	0.4%
April	24,585,000	0.5%
May	24,890,000	0.5%
June	12,640,000	0.3%
July	17,140,500	0.4%
August	50,990,385	1.1%
September	9,255,000	0.2%
October	29,595,000	0.6%
November	3,495,500	0.1%
December	15,905,000	0.3%
2012		
January	54,630,000	1.2%
From 1 February 2012 to the Latest Practicable Date	5,117,000	0.1%

Source: Bloomberg and the Stock Exchange website

Note: The calculation is based on the monthly total trading volume of the Shares divided by the total issued share capital of CCL at the end of each month during the Review Period.

The liquidity of the Shares was generally thin during the Review Period save for some incidental uplift of trading volume after the releases of price sensitive announcements concerning the Cosway Acquisition and this privatisation proposal. The Shares continued to be relatively illiquid for the past twelve months prior to the Last Trading Day. The concept behind the Cosway Acquisition was to diversify the CCL Group's business and provide additional source of stable cash flows for the CCL Group and hence to promote a healthier capital market performance. However, the objective of achieving a healthier capital market performance has only been partially achieved, and that mostly in the initial market reaction after the proposed Cosway Acquisition was first announced. There had been no trading of the ICULS on the Stock Exchange since the listing of the ICULS on 10 December 2009 and up to the Latest Practicable Date. As such, the level of trading liquidity of the Shares and the ICULS has been, in our view, not satisfactory.

From the Offer Shareholders' and the Offer ICULS Holders' perspective, in particular those who are holding large block of the Shares and/or the ICULS, the Offer is considered to be a good opportunity for them to realise all or part of their holdings at a guaranteed cash price which would not normally be available through the market.

5. Peer comparison

(a) Comparable Companies

The CCL Group is principally engaged in the direct selling of consumer products including health and nutrition, slimming, personal care, skin care, cosmetics, perfumes, household and car care, food and beverage, water filtration systems, kitchenware, body shaping lingerie, etc. through network marketing and property investment. There is no company listed on the Stock Exchange which is principally engaged in direct selling. For comparison purpose, we have therefore selected companies listed on other stock exchanges on best effort basis, which are covered by Bloomberg and are principally engaged in direct selling (the "**Comparable Companies**"). We note that although the Comparable Companies offer diverse product ranges and are in different markets and business sectors which are not identical to that of CCL, these Comparable Companies' business models and risk-return trade-offs are similar to those of the CCL Group. As such, we consider the Comparable Companies are a fair and representative sample for the purpose of our analysis in this letter and, to the best of our knowledge, they represent an exhaustive list of companies comparable to CCL. The table below sets out the companies which we consider comparable to CCL based on the aforementioned criteria.

Name	Country listed	Principal activities	Latest financial year end date *(Note 1)*	Market capitalisation as at the Latest Practicable Date *(HK$ million)* *(Note 2)*
Amway (Malaysia) Holdings Berhad (“**Amway Malaysia**”)	Malaysia	Amway is a direct marketing company. Through its subsidiaries, the company distributes consumer products under the AMWAY trademark in Malaysia. The four product lines distributed are nutrition and wellness, personal care, home care, and home tech.	31 December 2010	3,887.7
Avon Products Inc. (“**Avon**”)	US	Avon manufactures and direct sells beauty and related products. The company markets its products to consumers worldwide through independent sales representatives. Avon’s product line includes beauty, fashion and home.	31 December 2010	62,026.4
Best World International Limited (“**Best World**”)	Singapore	Best World sources, formulates, brands, and distributes a range of health and lifestyle products under the BWL, Avance, DORS, DR’s Secret, and DRs Seager brand names. The company also distributes a range of third-party cosmetics and skin care products under the brand C’bon.	31 December 2010	203.5

Name	Country listed	Principal activities	Latest financial year end date *(Note 1)*	Market capitalisation as at the Latest Practicable Date *(HK$ million)* *(Note 2)*
CNI Holdings Berhad ("**CNI**")	Malaysia	CNI is a holding company. Through subsidiaries, the company distributes food, beverages, health food supplements, and household, personal care, and beauty products.	31 December 2010	270.0
Hai-O Enterprise Berhad ("**Hai-O**")	Malaysia	Hai-O wholesales and retails Chinese and western wines, herbs, and medicines. Through its subsidiaries, the company operates retail chain stores and supermarkets, provides multi-level direct marketing, and leases machinery and equipment. Hai-O provides money lending services and produces alcoholic and non-alcoholic drinks, tea, and other beverages.	30 April 2011	1,182.8
Herbalife Ltd. ("**Herbalife**")	US	Herbalife is a network marketing company that sells weight management, nutritional supplement and personal care products. The company sells its products globally through a network of independent distributors. Herbalife also sells literature and promotional materials.	31 December 2010	53,704.1

Name	Country listed	Principal activities	Latest financial year end date *(Note 1)*	Market capitalisation as at the Latest Practicable Date *(HK$ million)* *(Note 2)*
Natura Cosmeticos SA ("**Natura**")	Brazil	Natura produces cosmetics. The company manufactures skin treatments, bath products and fragrances, and products for pregnant women and their babies.	31 December 2010	71,107.9
Nu Skin Enterprises, Inc. ("**Nu Skin**")	US	Nu Skin is a global direct selling company. The company distributes premium quality personal care products and nutritional supplements. Nu Skin markets its products in the Americas, Europe, and the Asia Pacific region. The company provides marketing and distribution of technology-based products through Big Planet, Inc.	31 December 2011	25,510.4
Oriflame Cosmetics SA ("**Oriflame**")	Sweden	Oriflame markets a range of cosmetic products through an independent sales force. The company's products include skincare, color cosmetics, fragrances, toiletries and fashion accessories.	31 December 2010	13,513.4

Name	Country listed	Principal activities	Latest financial year end date *(Note 1)*	Market capitalisation as at the Latest Practicable Date *HK$ (million)* *(Note 2)*
Tupperware Brands Corporation ("**Tupperware**")	US	Tupperware is a portfolio of global direct selling companies which sell products across multiple brands and categories through an independent sales force. The company's product brands and categories include food preparation, storage, and serving solutions for the kitchen and home. Tupperware also sells beauty and personal care products.	31 December 2011	27,387.5
USANA Health Sciences, Inc. ("**USANA**")	US	USANA develops, manufactures, and markets nutritionals, personal care, and weight management products. The company's products are sold directly to preferred customers and distributors throughout the US, Canada, Australia, New Zealand, the United Kingdom, and Hong Kong.	1 January 2011	4,197.2
Zhulian Corporation Bhd ("**Zhulian**")	Malaysia	Zhulian is an investment holding company. The company, through its subsidiaries, manufactures custom and fine jewelry, consumer products, bedroom apparel and therapeutic products, and water treatment systems. Zhulian also provides printing and direct marketing of its products as well as develops properties.	30 November 2011	2,219.5

Source: Bloomberg

Notes:

1. Latest financial year end date represents the year end date of the financial year of the most recent published annual reports or annual results announcements, whichever is later of the respective companies.

2. Market capitalisation of the Comparable Companies are based on the market capitalisation of the respective companies as at the Latest Practicable Date or, as for the Comparable Companies outside Asia, the trading day immediately before the Latest Practicable Date.

   Foreign currency denominated market capitalisation figures have been converted to HK$ using foreign currency exchange rates of one United States dollar to HK$7.8, one Singapore dollar to HK$6.0, one Swedish krona to HK$1.1, one RM to HK$2.5 and one R$ to HK$4.2, for the purpose of illustration only. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amount has been, could have been or may be converted at any of the above rates and any other rates or at all.

(b) Comparison of price earnings multiples (the "PE(s)")

Set out below are the historical PEs of the Comparable Companies:

Company	**PE (times)** *(Note 1)*
Amway Malaysia	19.9
Avon	13.4
Best World	13.9
CNI	47.1
Hai-O	16.5
Herbalife	12.7
Natura	22.8
Nu Skin	22.1
Oriflame	11.8
Tupperware	17.2
USANA	12.6
Zhulian	9.3
All Comparable Companies	
Simple average (mean)	**18.3**
Median	**15.2**
Maximum	**47.1**
Minimum	**9.3**
Share Offer Consideration ***(Note 2)***	**46.1**
ICULS Offer Consideration ***(Note 3)***	**43.7**

Source: Bloomberg and the respective companies' published annual reports

Notes:

1. The historical PEs of the Comparable Companies are computed based on the closing prices of the respective companies as at the Latest Practicable Date (as for the Comparable Companies outside Asia, the trading day immediately before the Latest Practicable Date) and the earnings per share of the respective companies. The earnings per share of the respective companies are calculated based on the consolidated net profit (from continuing operation) attributable to the shareholders of the respective companies divided by the weighted-average shares outstanding of the respective companies on a fully diluted basis as referenced from the most recent published annual reports of the respective companies.

2. The implied PE of the Share Offer Consideration is computed based on the Share Offer of HK$1.10 divided by the earnings per Share. The earnings per Share is calculated based on the consolidated net profit attributable to the Shareholders for the year ended 30 April 2011 (after adjusted for the interest on the ICULS) divided by the weighted-average Shares outstanding on a fully diluted basis, i.e. taking into account the full conversion of all outstanding ICULS.

3. The implied PE of the ICULS Offer Consideration is computed based on the difference between the ICULS Offer of HK$1.10 and the total undiscounted future interest payments of HK$0.056 to every HK$0.20 ICULS held (which is convertible into one Share) and divided by the earnings per Share. The earnings per Share is calculated based on the consolidated net profit attributable to the Shareholders for the year ended 30 April 2011 (after adjusted for the interest on the ICULS) divided by the weighted-average Shares outstanding on a fully diluted basis, i.e. taking into account the full conversion of all outstanding ICULS.

As discussed above and given the irredeemable nature of the ICULS, we consider the analyses on the PE should be based on an enlarged basis, i.e. assuming the ICULS are fully converted into the Shares. Based on the aggregate offer value for the Shares and the ICULS of HK$13,872.9 million and the consolidated net profit attributable to the Shareholders for the year ended 30 April 2011, after adjusted for the interest on the ICULS, of approximately HK$301.1 million, the implied PE ratio of the Share Offer is approximately 46.1 times.

As set out in the table above, PEs of the Comparable Companies range from 9.3 times to 47.1 times and with an average of 18.3 times. Accordingly, the implied PE of the Share Offer Consideration of approximately 46.1 times is within the range of those of the Comparable Companies and is well above the average and closes to the upper bound of the Comparable Companies. Based on the above, we consider that the Share Offer Consideration is fair and reasonable as far as the Offer Shareholders are concerned.

In consideration of the implied PE of the ICULS Offer Consideration, we consider it appropriate to adjust the future interest payment forgone by the ICULS Holders if the ICULS Holders opt to accept the ICULS Offer. Accordingly, the value for the ICULS Offer Consideration of HK$1.10 shall be deducted by the present value of the total future interest payment forgone and for prudence sake, we have taken the total undiscounted future interest payment of HK$0.056 per HK$0.20 ICULS held (which is convertible into one Share) for the purposes of this analysis. On the above bases, the adjusted ICULS Offer Consideration would become HK$1.044.

Based on this adjusted ICULS Offer Consideration of HK$1.044 and the consolidated net profit attributable to the Shareholders for the year ended 30 April 2011, after adjusted for the interest on the ICULS and full conversion of the ICULS, of approximately HK$0.0239 per Share, the implied PE ratio of the ICULS Offer Consideration is approximately 43.7 times, which is also within the range of those of the Comparable Companies and is well above the average and closes to the upper bound of the Comparable Companies. Based on the above, we also consider that the ICULS Offer Consideration is fair and reasonable as far as the ICULS Holders are concerned.

(c) Comparison of price to book multiples (the "PB(s)")

As part of our analysis, we have found the historical PBs of the Comparable Companies range from 0.7 times to 14.4 times and have an average of 5.7 times. The implied PB of the Share Offer Consideration is 9.2 times, which is computed based on the aggregate offer value for the Shares and the ICULS of HK$13,872.9 million and the consolidated NAV attributable to the owners of the Company (including both the Shareholders and the ICULS Holders), as at 31 October 2011 of HK$1,502.9 million as adjusted for the changes in fair value of land and buildings and full conversion of the ICULS. It is well above the average and closes to the upper bound of that of the Comparable Companies.

We consider the valuation basis for companies in the direct selling industry should be largely based on earnings rather than net asset backing. We therefore would place less reliance on the above analysis on PBs and emphasis should be given to our analysis of PEs in the above sub-section.

(d) Comparison of dividend yield

Set out in the table below is an analysis on dividend yield of the Shares and the shares of the Comparable Companies:

Company	**Dividend yield** *(Note)*
Amway Malaysia	3.8%
Avon	3.7%
Best World	6.7%
CNI	4.1%
Hai-O	2.4%
Herbalife	1.1%
Natura	4.5%
Nu Skin	1.3%
Oriflame	6.2%
Tupperware	2.5%
USANA	Nil
Zhulian	6.2%
Simple average (mean)	**3.5%**
Median	**3.8%**
Maximum	**6.7%**
Minimum	**Nil**
Share Offer Consideration	**Nil**

Source: Bloomberg, the respective companies' stock exchange filings, websites and published financial results

Note: The dividend yield represents the total dividend, but excluding special dividend (if any), on a per share basis, recommended and/or declared by the Comparable Companies or CCL in the past twelve months prior to the Latest Practicable Date (as for the Comparable Companies outside Asia, the trading day immediately before the Latest Practicable Date) divided by the closing prices of the respective Comparable Companies as at the Latest Practicable Date (as for the Comparable Companies outside Asia, as at the trading day immediately before the Latest Practicable Date) or, in the case of CCL, the Share Offer Consideration of HK$1.10.

Dividend yield is calculated by dividing total dividend by offer price or share price, as the case may be. A higher offer price or share price would result a lower dividend yield for a given amount of dividend. Offer price might consider be attractive if implied dividend yield based on offer price is lower than existing dividend yield of offeree and those of peer companies. As illustrated above, the implied dividend yield of CCL based on the Share Offer Consideration of HK$1.10 is nil, which is lower than most of the Comparable Companies. The Share Offer Consideration therefore appears to be favourable in this respect.

(e) Comparison of trading liquidity

Set out in the table below is a comparison of trading liquidity of the Shares and the shares of the Comparable Companies:

Company	**Average monthly trading volume as a percentage of the total number of outstanding shares** *(Note)*
Amway Malaysia	0.3%
Avon	24.5%
Best World	2.9%
CNI	1.7%
Hai-O	3.2%
Herbalife	23.2%
Natura	4.7%
Nu Skin	20.7%
Oriflame	10.1%
Tupperware	26.3%
USANA	9.0%
Zhulian	1.1%
Simple average (mean)	**10.6%**
Median	**6.9%**
Maximum	**26.3%**
Minimum	**0.0%**
CCL	**1.9%**

Source: Bloomberg

Note: The percentage of monthly trading volume to the total number of outstanding shares above are calculated by taking the average of the quotient of the monthly trading volume of the shares of the Comparable Companies and CCL for each month from January 2009 to January 2012 (being the last whole month immediately prior to the Latest Practicable Date) divided by the total number of outstanding shares of the respective companies as at the end of the respective months.

As shown in the table above, the monthly trading volume of the Shares was significantly lower than most of the Comparable Companies. The average trading volume as a percentage of the total number of outstanding Shares is only slightly higher than the minimum of that of the Comparable Companies.

6. Privatisation precedents in 2010 and 2011

We have also compared the Share Offer to other privatisation proposals in Hong Kong. Set out in the table below are all privatisation precedents, excluding those failed and pending cases, involving listed companies in Hong Kong announced since the beginning of 2010 and up to the Latest Practicable Date.

First announcement date	Company	Stock code	Premium of offer or cancellation price over the share price of the relevant company prior to announcement of privatisation			Result
			30 days average closing price	90 days average closing price	180 days average closing price	
19 October 2011	Zhengzhou China Resources Gas Co. Ltd. *(Note 1)*	3928	38.4%	22.8%	10.9%	Successful
8 August 2011	HannStar Board International Holdings Ltd.	667	51.8%	48.0%	23.8%	Successful
18 July 2011	China Resources Microelectronics Ltd. *(Note 1)*	597	29.7%	21.9%	27.5%	Successful
13 May 2011	Little Sheep Group Limited	968	29.6%	32.3%	30.8%	Successful
20 January 2011	Shanghai Forte Land Co. Ltd.	2337	34.3%	43.0%	52.4%	Successful
19 January 2011	Fubon Bank (Hong Kong) Ltd. *(Note 3)*	636	43.2%	39.3%	45.9%	Successful
12 August 2010	Integrated Distribution Services Group Ltd. *(Note 1)*	2387	45.8%	51.3%	60.9%	Successful
10 August 2010	Industrial and Commercial Bank of China (Asia) Limited	349	41.2%	48.8%	59.1%	Successful
19 May 2010	Denway Motors Limited *(Notes 2 and 3)*	203	14.6%	28.3%	39.0%	Successful
27 April 2010	Wheelock Properties Limited	49	162.3%	162.2%	155.2%	Successful
8 January 2010	Hutchison Telecommunications International Limited	2332	38.5%	37.2%	29.2%	Successful
Simple average (mean)			**48.1%**	**48.6%**	**48.6%**	
Median			**38.5%**	**39.3%**	**39.0%**	
Maximum			**162.3%**	**162.2%**	**155.2%**	
Minimum			**14.6%**	**21.9%**	**10.9%**	
7 July 2011	**The Share Offer Consideration**	**288**	**45.1%**	**32.9%**	**23.8%**	

Notes:

1. The offer in the privatisation proposal of the respective company consisted of cash offer or share exchange offer. The computation above was based on the cash offer only.

2. The offer in the privatisation proposal of Denway Motors Limited consisted of share exchange offer only. The computation above was based on the estimated value of the shares to be exchanged as set out in the document issued by, among others, Denway Motors Limited dated 18 June 2010.

3. The offer price of the privatisation proposal of respective company was revised upwards after the first announcement for privatisation. The computation above was based on the revised offer price.

As set out above, the premiums offered by the Share Offer Consideration over the recent Share price averages were below the 30 days, 90 days and 180 days averages of all privatisation precedents, however, in all cases, such premiums offered by the Share Offer Consideration over the recent Share price averages were within the range of those of the above privatisation precedents. Shareholders should know or should aware that, given the privatisation precedents may be conducted in under different market conditions and the companies involved are all operated in different industry sectors, the premiums of offer or cancellation consideration in the privatisation precedents above may be different from that of the Share Offer. In this respect, we consider the premiums offered by the Share Offer Consideration over the recent Share price averages to be acceptable.

7. Option Offer

The Option Offer at nominal price of HK$0.000005 in cash is based on the "see-through" principle and the Share Offer Consideration of HK$1.10. Such "see-through" principle is the normally adopted in Hong Kong for privatisation proposals of a similar nature. On the basis that (i) the HK$1.10 Share Offer Consideration is fair and reasonable; (ii) all the outstanding Share Options are at-the-money; and (iii) any Share Options which remain unexercised will lapse on the Closing Date in accordance with the terms and conditions of the Share Option Scheme regardless of whether the Company will remain listed or not after the Offer, we consider the terms of the Option Offer to be fair and reasonable so far as the Optionholders are concerned.

8. Intentions of the Offeror regarding compulsory acquisition rights and possible withdrawal from listing

As set out in the letter from CCBI, if the Offeror receives valid acceptance in respect of the Offer Shares and/or acquires Shares from the date of this Composite Document otherwise than through valid acceptance of the Offer, in respect of not less than 90% of the Disinterested Shares within, but not exceeding, a period of four months from the date of despatch of this Composite Document, the Offeror intends to privatise the Company by exercising the compulsory acquisition rights to which it may have under the Companies Ordinance and in accordance with Rule 2.11 of the Takeovers Code to acquire those Disinterested Shares not acquired by the Offeror, and following which the listing of the Company on the Stock

Exchange shall be withdrawn pursuant to Rule 6.15 of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules in this regard.

It is the Offeror's intention to delist the Shares from the Stock Exchange. Subject always to compliance by the Offeror with the Takeovers Code, in particular, Rule 2.2 (c) of the Takeovers Code, if the Offeror is not in a position to invoke compulsory acquisition as disclosed above (whether by reason of not receiving acceptance and/or acquiring 90% of the Disinterested Shares or otherwise within four months from the date of despatch of this Composite Document), the Offeror will review and assess the situation then with a view to taking steps to ensure that the minimum public float requirement under the Listing Rules is complied with following the closing of the Offer and maintain the listing status on the Stock Exchange.

Pursuant to the terms and conditions of the Deed Poll, a delisting of the ICULS from the Stock Exchange will constitute an event of default and as a result of which any ICULS Holder will be entitled to give notice to the Company to immediately convert their ICULS into Shares in accordance with the terms and conditions thereof.

If the Offeror acquires not less than 90% of the Offer ICULS in respect of which the ICULS Offer is made within, but not exceeding, a period of four months from the date of despatch of this Composite Document, it is the intention of the Offeror to exercise the rights it may have under the Companies Ordinance to compulsorily acquire those Offer ICULS not acquired by the Offeror pursuant to the ICULS Offer.

If, after the close of the ICULS Offer, there are no outstanding ICULS other than those held by the Offeror and parties acting in concert with it, it is the intention of the Offeror to procure a delisting of the ICULS from the Stock Exchange through unanimous consent of the Offeror and parties acting in concert with it, provided the Shares are also delisted. However, should the Shares remain listed, it is the intention of the Offeror that the ICULS remain listed on the Stock Exchange.

Under the Deed Poll, there is no express provision relating to any delisting procedures or requirements. If the Offeror is to formulate an application to the Stock Exchange for the delisting of the ICULS, it will procure the Company to seek to obtain the prior approval of the ICULS Holders to amend all relevant terms and conditions of the Deed Poll and to approve the delisting. In such circumstances, to the extent that there are still outstanding ICULS other than those held by the Offeror and persons acting in concert with it after the Closing Date, the Offeror and persons acting in concert with it will abstain from voting and the Stock Exchange may impose conditions in respect of the delisting as it may consider appropriate. Further announcement will be made regarding details of the procedures of the delisting of the ICULS in such event.

If, at the closing of the Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange may exercise its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

As such, it should be noted that, following the completion of the Offer, the number of Shares which remain in public hands may be insufficient to satisfy the minimum public float requirement under the Listing Rules, and therefore, the trading in the Shares may be suspended until the required level of sufficient public float is restored.

DISCUSSION AND ANALYSIS

CCL was a small, largely inactive company controlled by BCorp prior to the Cosway Acquisition towards the end of 2009. The Cosway Acquisition was mainly funded by the issue of consideration Shares and the ICULS, because if Shares alone had been issued, the public float of CCL would have been insufficient. Taking into account in particular the irredeemable nature of the ICULS and its other terms, we regard the ICULS are substantially equivalent to the Shares. Consequently, it is our view that the factors in respect of the Offer(s) relating to the ICULS Holders are for practical purposes identical to those relating to the Shareholders.

The concept behind the Cosway Acquisition was to diversify the CCL Group's business and provide an additional source of stable cash flows for the CCL Group and hence to promote a healthier capital market performance. The first part of this concept has been largely realised. The Group has achieved significant growth in revenue, from a level of around HK$2.1 million for the year ended 30 April 2009 (before restatement in 2010) to around HK$2,329.3 million for the year ended 30 April 2010 and HK$3,368.5 million for the year ended 30 April 2011. Profitability growth is less exciting. Although more than 75% growth in profits attributable to the Shareholders was recorded for financial year ended 30 April 2010, the profits only registered a growth of approximately 5% for the year ended 30 April 2011 after excluding the one-off valuation gain on investment properties and the corresponding tax effect. The trend continued in the recently published unaudited results for the six months ended 31 October 2011 where revenue kept surging while the profit recorded a single digit growth after excluding the one-off valuation gain on investment properties and the corresponding tax effect.

We consider the objectives of diversifying CCL's business and providing stable cash flows have been achieved. However, the objective of achieving a healthier capital market performance has only been partially accomplished, and that mostly in the initial market reaction after the proposed Cosway Acquisition was first announced. There had been no trading of the ICULS on the Stock Exchange since the listing of the ICULS on 10 December 2009 and up to the Latest Practicable Date. The level of trading liquidity of the Shares and the ICULS has been, in our view, not satisfactory.

The benefits of business integration referred to above will substantially accrue to the Offeror and are not reasons for the Offer Shareholders and the Offer ICULS Holders to support this privatisation proposal. The Offer Shareholders and the Offer ICULS Holders should however be aware that there are substantial continuing connected transactions between the CCL Group and BCorp Group (other than CCL Group itself) which involve certain administrative costs being incurred by the Company. It is also possible that funding calls on Shareholders may be made to support the Company's future growth. Shareholders should also be aware, if they are not ICULS Holders, that full conversion of the outstanding ICULS may result in over 50% dilution of their interest in CCL.

The principal benefits of the Offer to the Offer Shareholders and the Offer ICULS Holders arise, in our view, from the lacklustre performance of the Share price and trading liquidity. As discussed in section 4 above, the Share Offer Consideration of HK$1.10 represents a premium of approximately 35.8% over the undisturbed market price. From the Offer Shareholders' perspective, the Share Offer represents a substantial uplift in value. We also believe the recent trading price of the Shares is supported by the Offer and is unlikely to be sustained after the Offer closes or lapses. There had been no trading of the ICULS on the Stock Exchange since the listing of the ICULS on 10 December 2009 and up to the Latest Practicable Date.

As discussed, the level of trading liquidity of the Shares and the ICULS has been, in our view, not satisfactory. From the Offer Shareholders' and the Offer ICULS Holders' perspective, in particular those holding large blocks of the Shares and/or the ICULS, the Offer provides a good opportunity to realise all or part of their holdings at a guaranteed cash price. Such an opportunity would not normally be available through the market.

Based on the historical earnings of CCL for the year ended 30 April 2011, the Share Offer Consideration of HK$1.10 and the adjusted ICULS Offer Consideration of HK$1.044 represent implied PEs of 46.1 times and 43.7 times respectively. These implied PEs have been calculated on a "fully-diluted" basis treating the ICULS as Shares. In arriving at these implied PEs, adjustment for the coupon of the outstanding ICULS has also been taken into account. These implied PEs compare favourably with most of the Comparable Companies and are above the average historical PE of 18.3 times for these Comparable Companies.

The implied dividend yield of CCL based on the Share Offer Consideration of HK$1.10 is nil which is lower than most of the Comparable Companies, the Share Offer Consideration appears to be favourable against the Comparable Companies in this respect.

We further noted that the premiums offered by the Share Offer Consideration over the recent Share price averages were below the averages but within the range of those of the recent privatisation precedents. Taking into account the privatisation precedents may be conducted in under different market conditions and the companies involved are all operated in different industry sectors, the premiums of offer or cancellation consideration in the privatisation precedents above may be different from that of the Share Offer. In this respect, we consider the premiums offered by the Share Offer Consideration over the recent Share price averages to be acceptable. The 35.8% premium over the undisturbed market price is also within the range of those of the recent privatisation precedents.

Our analysis on the Option Offer is set out in section 7 above.

All in all, we consider the Cosway Acquisition is a commercial success but it has not, in our opinion, succeeded in winning enthusiasm from the capital market as a whole. There have been short-term uplift in both the Share price and trading volume following the releases of price sensitive announcements such as the possible acquisition from BCorp and this privatisation proposal, but the overall trading liquidity of the Shares and the ICULS is not satisfactory. The Offer Shareholders and the Offer ICULS Holders may be exposed to market risks if trading in the Shares and the ICULS continue to be thin. On this basis, we consider the Offer, which provides a fair and reasonable exit premium as discussed above, is advantageous to both the Offer Shareholders and the Offer ICULS Holders.

We have not considered the tax or legal implications on the Offer Shareholders, the Offer ICULS Holders or the Optionholders of accepting or not accepting the Offer since these depend on their individual circumstances. In particular, the Offer Shareholders, the Offer ICULS Holders and the Optionholders should consider their own tax position and, if in any doubt, should consult their own professional advisers.

The Offer Shareholders, the Offer ICULS holders and Optionholders should note that the Offeror has stated that if the Offeror receives valid acceptances in respect of the Offer Shares and/or acquires Shares from the date of this Composite Document otherwise than through valid acceptance of the Offer in respect of not less than 90% of the Disinterested Shares within, but not exceeding, a period of four months from the date of despatch of this Composite Document, the Offeror intends to privatise the Company by exercising the compulsory acquisition rights which it may have under the Companies Ordinance and in accordance with Rule 2.11 of the Takeovers Code to acquire those Disinterested Shares not acquired by the Offeror. Following such procedures, the listing of the Company on the Stock Exchange would be withdrawn pursuant to Rule 6.15 of the Listing Rules.

If the Offeror acquires not less than 90% of the ICULS in respect of which the ICULS Offer is made within, but not exceeding, a period of four months from the date of despatch of this Composite Document, it is the intention of the Offeror to exercise the rights it may have under the Companies Ordinance to compulsorily acquire those ICULS not acquired by the Offeror pursuant to the ICULS Offer.

OPINION AND RECOMMENDATION

In respect of the Share Offer

Based on the above principal factors and reasons, we consider the terms of the Share Offer to be fair and reasonable as far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders to accept the Share Offer if the Offer Shareholders wish to capture the immediate liquidity as a result of the Share Offer.

The Offer Shareholders are reminded that the market price of the Shares under review during the Offer Period. Should the market price of the Shares exceed the Share Offer Consideration during the Offer Period, so that the net proceeds of sale after deducting all transaction costs would exceed the net amount receivable under the Share Offer, the Offer Shareholders should consider selling their Shares in the open market rather than accepting the Share Offer.

The Offeror has stated that it intends to take steps to maintain the listing status of CCL on the Stock Exchange by ensuring that the minimum public float requirement under the Listing Rules is complied with following the closing of the Offer in the event that the Offeror is not in a position to invoke compulsory acquisition rights as disclosed under the section headed "Compulsory acquisition rights and possible withdrawal from listing" in the letter from CCBI of this Composite Document. However, the Offer Shareholders are reminded that in the event that there is less than 25% of the Shares held by the public (within the meaning of the Listing Rules) upon the close of the Offer, the insufficient public float may result in temporary suspension in the trading of the Shares on the Stock Exchange.

In respect of the ICULS Offer

Based on the above principal factors and reasons, we consider the terms of the ICULS Offer to be fair and reasonable as far as the Offer ICULS Holders are concerned. Accordingly, we recommend the Offer ICULS Holders to accept the ICULS Offer if the Offer ICULS Holders wish to capture the immediate liquidity as a result of the ICULS Offer.

In respect of the Option Offer

The exercise price of the Options of HK$1.10 is equivalent to the Share Offer Consideration. According to the terms and conditions of the Share Option Scheme, any Share Options which remain unexercised will lapse on the Closing Date, regardless of whether CCL will remain listed or not after the Offer. Based on these factors, we consider the Option Offer is fair and reasonable as far as the Optionholders are concerned and we recommend the Independent Board Committee to recommend the Optionholders to accept the Option Offer.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Kenneth Chow
Managing Director – Corporate Finance

1. PROCEDURES FOR ACCEPTANCE

1.1 The Share Offer

To accept the Share Offer, you should complete and sign the **WHITE** Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Share Offer, you must send the duly completed **WHITE** Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer by post or by hand to the Registrar marked "Cosway Corporation Limited – Share Offer" on the envelope by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer whether in full or in part of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company or other nominee, with instructions authorizing it to accept the Share Offer on your behalf and requesting it to deliver the completed **WHITE** Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed **WHITE** Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on the Closing Date; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominee Limited.

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer, the **WHITE** Form(s) of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete the **WHITE** Form(s) of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself by not later than 4:00 p.m. on the Closing Date. Such action will be deemed to be an irrevocable authority to CCBI and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the **WHITE** Form of Acceptance.

(e) Acceptance of the Share Offer will be treated as valid only if the duly completed **WHITE** Form(s) of Acceptance is received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/ or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered shareholder of Shares or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form(s) of Acceptance is executed by a person other than the registered Offer Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(f) No acknowledgement of receipt of any **WHITE** Form(s) of Acceptance, share certificate(s) and/ or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(g) The address of the Registrar, Tricor Secretaries Limited, is at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

1.2 The ICULS Offer

(a) If you accept the ICULS Offer and the certificate(s) of the ICULS and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are in your name, you should complete the **YELLOW** Form(s) of Acceptance in accordance with the instructions printed thereon in respect of the outstanding principal amount of the ICULS held by you that you wish to tender to the ICULS Offer, which instructions form part of the terms and conditions of the ICULS Offer.

(b) The completed **YELLOW** Form(s) of Acceptance should be forwarded, together with the relevant certificate(s) of the ICULS and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) which you intend to accept the ICULS Offer, by post or by hand to the Registrar marked "Cosway Corporation Limited – ICULS Offer" on the envelope as soon as possible but in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

(c) If the ICULS Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten calendar days thereof, return by ordinary post the certificate(s) of the ICULS and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the **YELLOW** Form(s) of Acceptance to the relevant Offer ICULS Holder(s).

(d) No acknowledgement of receipt of any **YELLOW** Form(s) of Acceptance and/or certificate(s) of the ICULS and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.3 The Option Offer

(a) If you accept the Option Offer, you should complete the **PINK** Form(s) of Acceptance in accordance with the instructions printed thereon in respect of the number of outstanding Share Options held by you that you wish to tender to the Option Offer, which instructions form part of the terms and conditions of the Option Offer.

(b) The completed **PINK** Form(s) of Acceptance should be forwarded, together with the relevant certificate(s) and/or letter(s) of grant (as the case may be) of the Share Options for not less than the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the Company Secretary marked "Cosway Corporation Limited – Option Offer" on the envelope as soon as possible but in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

(c) If the Option Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten calendar days thereof, return by ordinary post the certificate(s) and/or letter(s) of grant (as the case may be) of the Share Options lodged with the **PINK** Form(s) of Acceptance to the relevant Optionholder(s).

(d) No acknowledgement of receipt of any **PINK** Form(s) of Acceptance and/or certificate(s) and/or letter(s) of grant (as the case may be) of the Share Options will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has been revised or extended with the consent of the Executive in accordance with the Takeovers Code, all Form(s) of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, an announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 calendar days from the posting of the written notification and/or announcement of the extension or revision to the Offer Shareholders, Offer ICULS Holders and Optionholders and, unless extended or revised, shall be closed on the subsequent Closing Date. If the Offeror revises the terms of the Offer, all Offer Shareholders, Offer ICULS Holders and Optionholders whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date of the Offer as so extended.

3. ANNOUNCEMENTS

(a) By 6:00 p.m. (or such later time and/or date as the Executive agrees) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised, extended or has expired. The announcement will state the total number of Shares and rights over Shares, ICULS and Share Options:

(i) for which acceptances of the Offer have been received;

(ii) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(b) In computing the total number or principal amount, as the case may be, of Offer Shares, Offer ICULS and Offer Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraphs 1.1, 1.2 and 1.3 of this Appendix, and which have been received by the Registrar or Company Secretary no later than 4:00 p.m. on the Closing Date, or are extended or revised, with the consent of the Executive, in accordance with the Takeovers Code, shall be included.

(c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.coswaycorp.com).

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Offer Shareholders, the Offer ICULS Holders and the Optionholders (as the case may be) or by their agent(s) on their behalves, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "3. ANNOUNCEMENTS" above, the Executive may require that the Offer Shareholders, the Offer ICULS Holders and the Optionholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

5. SETTLEMENT

(a) The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar before 4:00 p.m. on the Closing Date, a cheque in the amount due to such Offer Shareholders who accept the Share Offer (less seller's ad valorem stamp duty) in respect of the Offer Shares tendered by him/her under the Share Offer will be despatched to such Offer Shareholder by ordinary post at his/her own risk as soon as possible but in any event within ten calendar days of receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any Offer Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

(b) The ICULS Offer

Provided that a valid **YELLOW** Form of Acceptance and the relevant certificate(s) of the ICULS and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar before 4:00 p.m. on the Closing Date, a cheque in the amount due to such Offer ICULS Holders in respect of the ICULSs tendered by him/her under the ICULS Offer (less seller's ad valorem stamp duty) will be despatched to such Offer ICULS Holders by ordinary post at his/her own risk as soon as possible but in any event within ten calendar days of receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any Offer ICULS Holder is entitled under the ICULS Offer will be implemented in full in accordance with the terms of the ICULS Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer ICULS Holder.

(c) The Option Offer

Provided that a valid **PINK** Form of Acceptance and the relevant certificate(s) and/or letter(s) of grant (as the case may be) of the Share Options are complete and in good order in all respects and have been received by the Company Secretary before 4:00 p.m. on the Closing Date, a cheque in the amount due to the Optionholders in respect of the Share Options tendered by him/her under the Option Offer will be despatched to such Optionholder by ordinary post at his/her own risk as soon as possible but in any event within ten calendar days of receipt of all the relevant documents by the Company Secretary to render such acceptance complete and valid.

Settlement of the consideration to which any Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Optionholder.

6. OVERSEAS OFFER SHAREHOLDERS AND OVERSEAS OFFER ICULS AND OPTION HOLDERS

The making of the Offer to Overseas Offer Shareholders and Overseas Offer ICULS and Option Holders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Offer Shareholders and Overseas Offer ICULS and Option Holders who are citizens or residents or nationals of jurisdictions outside Hong Kong should acquaint themselves about and observe any applicable regulatory or legal requirements. It is the responsibility of any such person wishing to accept the Offer to satisfy himself/herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or cancellation or other taxes due by such Overseas Offer Shareholder and/or Overseas Offer ICULS and/or Option Holder in respect of such jurisdiction.

The Offeror, CCBI and any of their respective directors and any other persons involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Acceptances of the Offer by any such person will be deemed to constitute a warranty by such person to the Offeror that such person is permitted under all applicable laws to accept the Offer and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

7. GENERAL

(a) All communications, notices, Form(s) of Acceptance, share certificate(s), certificate(s) of the ICULS, certificate(s) and/or letter(s) of grant (as the case may be) of the Share Options, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders, the Offer ICULS Holders and the Optionholders will be delivered by or sent to or from them, or their designated agents through post at their own risk, and none of the Company, the Offeror, CCBI, Somerley, the Registrar, any other parties involved in the offer nor any of their respective directors or agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offer.

(c) The accidental omission to despatch this Composite Document and/or the Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, CCBI or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Offer Shares and/or the Offer ICULS and/or the Offer Option(s), in respect of which such person or persons has/have accepted the Offer.

(f) Acceptance of the Offer by any person will be deemed to constitute a warranty by such person to the Offeror and the Company:

(i) (in the case of the Share Offer) that the Offer Shares to be acquired under the Share Offer are fully paid-up and are acquired by the Offeror or its nominee(s) free from all liens, mortgages, charges, encumbrances, rights of pre-emption and any other third parties' rights of any nature together with all rights, benefits and entitlements attaching thereto as at the date when the Share Offer is made and open for acceptance or subsequently becoming attaching thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made and open for acceptance;

(ii) (in the case of the ICULS Offer) that the Offer ICULS which are to be acquired under the ICULS Offer by the Offeror or its nominee(s) are free from all liens, mortgages, charges, encumbrances, rights of pre-emption and any other third parties, rights of any nature together with all rights, benefits and entitlements attaching thereto as at the date when the ICULS Offer is made and open for acceptance or subsequently becoming attaching thereto, including the rights to receive all future distributions, interest and payments of principal declared, paid or made in respect of the Offer ICULS on or after the date on which the ICULS Offer is made and open for acceptance; and

(iii) (in the case of the Option Offer) that the Offer Options which are to be cancelled under the Option Offer shall be cancelled and renounced on the basis that such Offer Options are free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights attaching thereto on or after the date of the Joint Announcement.

(g) Acceptance of the Offer by any person will be deemed to constitute a warranty by such person to the Offeror and the Company that if such person accepting the Offer is an Overseas Offer Shareholder and/or Overseas Offer ICULS and/or Option Holder, he/she has observed the laws of all relevant jurisdictions in connection therewith, obtained all requisite governmental, exchange control or other consents, complied with other necessary formalities or legal requirements and paid any transfer or other taxes due from him/her in respect of such jurisdictions, and is permitted under all applicable laws to accept the Offer and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.

(h) Acceptance of the Share Offer or the ICULS Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares or Offer ICULS in respect of which it is indicated in the **WHITE** Form(s) of Acceptance or **YELLOW** Form(s) of Acceptance (as the case may be) is the aggregate number of Shares or ICULS held by such nominee for such beneficial owner who is accepting the Share Offer or the ICULS Offer.

(i) All acceptances, instructions, authorities and undertakings given by the Offer Shareholders in the **WHITE** Form(s) of Acceptance, by the Offer ICULS Holders in the **YELLOW** Form(s) of Acceptance and by Optionholders in the **PINK** Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

(j) References to the Offer in this Composite Document and in the accompanying Form(s) of Acceptance shall include any extension and/or revision thereof.

(k) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated results of the CCL Group for each of the three financial years ended 30 April 2011 extracted from the audited consolidated financial statements of the CCL Group for 2009, 2010 and 2011 and of the CCL Group's unaudited consolidated results for the six months ended 31 October 2011 extracted from the CCL Group's unaudited condensed consolidated financial statements for the six months ended 31 October 2011. The auditor's reports issued by Ernst & Young in respect of the audited consolidated financial statements of the CCL Group for each of the three financial years ended 30 April 2009, 2010 and 2011 did not contain any qualification.

The summary consolidated income statement for the CCL Group for each of the three financial years ended 30 April 2009, 2010 and 2011 and for the six months ended 31 October 2011 set out below does not contain any extraordinary items or exceptional items because of size, nature or incidence.

CONSOLIDATED INCOME STATEMENT

	For the years ended 30 April			For the six months ended 31 October
	2009	2010	2011	2011
				Unaudited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	1,726,896	2,329,278	3,368,483	2,172,900
Cost of sales	(1,056,922)	(1,352,953)	(1,968,746)	(1,297,088)
Gross profit	669,974	976,325	1,399,737	875,812
Other income	13,946	15,166	12,430	8,308
Selling and distribution expenses	(225,889)	(347,972)	(602,046)	(399,888)
General and administrative expenses	(255,906)	(332,797)	(461,559)	(284,149)
Other expenses, net	(20,573)	(17,964)	(18,070)	(15,838)
Change in fair value of investment properties	(1,208)	9,010	65,972	37,264
Finance costs	(1,871)	(19,031)	(44,363)	(23,177)
Share of profits and losses of associates	80	373	623	493
PROFIT BEFORE TAX	178,553	283,110	352,724	198,825
Income tax expense	(42,702)	(60,885)	(81,609)	(46,138)
PROFIT FOR THE YEAR/PERIOD	135,851	222,225	271,115	152,687
Attributable to:				
Owners of the parent	120,937	211,756	268,669	151,744
Non-controlling interests	14,914	10,469	2,446	943
	135,851	222,225	271,115	152,687
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted	HK$0.14	HK$0.04	HK$0.02	HK$0.012
Dividends	8,258	52,424	–	–
Dividends per share	–[Note]	HK1.5 cents	–	–

Note: CCL paid no dividend to its shareholders for the year ended 30 April 2009. The dividend of HK$8,258,000 disclosed in the comparative figures of CCL annual report for the year ended 30 April 2010 represented total dividend paid by a subsidiary namely Cosway (M) Sdn. Bhd., to its previous shareholders, out of its retained profits before the reverse acquisition of Cosway (M) Sdn. Bhd. from its previous shareholders took place on 13 October 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the years ended 30 April			For the six months ended 31 October
	2009	2010	2011	2011
				Unaudited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
PROFIT FOR THE YEAR/PERIOD	135,851	222,225	271,115	152,687
OTHER COMPREHENSIVE INCOME/(LOSS)				
Share of other comprehensive income of associates	–	(2,542)	5,710	(2,945)
Exchange differences on translation of foreign operations	(46,812)	70,102	42,210	(61,795)
	(46,812)	67,560	47,920	(64,740)
Surplus on property revaluation	–	–	58,821	–
Income tax effect	–	–	(20,000)	–
	–	–	38,821	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	(46,812)	67,560	86,741	(64,740)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	89,039	289,785	357,856	87,947
Attributable to:				
Owners of the parent	77,436	276,842	354,798	87,735
Non-controlling interests	11,603	12,943	3,058	212
	89,039	289,785	357,856	87,947

ASSETS AND LIABILITIES

	1 May 2009	**30 April 2010**	**30 April 2011**	**As at 31 October 2011**
				Unaudited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities				
Total Assets	955,844	1,747,877	2,447,187	2,660,813
Total liabilities	(459,591)	(1,086,243)	(1,367,331)	(1,493,010)
Total equity	496,253	661,634	1,079,856	1,167,803

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CCL GROUP FOR THE YEAR ENDED 30 APRIL 2011

Set out below are the audited consolidated financial statements of the CCL Group for the year ended 30 April 2011, together with the notes thereto, which have been extracted from the annual report of the CCL Group for the year ended 30 April 2011. Unless the context otherwise requires, capitalized terms used therein shall have the same meanings as defined in the annual report of CCL for the year ended 30 April 2011.

CONSOLIDATED INCOME STATEMENT

Year ended 30 April 2011

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	5	3,368,483	2,329,278
Cost of sales		(1,968,746)	(1,352,953)
Gross profit		1,399,737	976,325
Other income	5	12,430	15,166
Selling and distribution expenses		(602,046)	(347,972)
General and administrative expenses		(461,559)	(332,797)
Other expenses, net		(18,070)	(17,964)
Change in fair value of investment properties		65,972	9,010
Finance costs	6	(44,363)	(19,031)
Share of profits and losses of associates		623	373
PROFIT BEFORE TAX	7	352,724	283,110
Income tax expense	10	(81,609)	(60,885)
PROFIT FOR THE YEAR		271,115	222,225
Attributable to:			
Owners of the parent	11	268,669	211,756
Non-controlling interests		2,446	10,469
		271,115	222,225
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted		HK$0.02	HK$0.04

Details of the dividend are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 April 2011

	Note	2011 HK$'000	2010 HK$'000
PROFIT FOR THE YEAR		271,115	222,225
OTHER COMPREHENSIVE INCOME			
Share of other comprehensive income of associates		5,710	(2,542)
Exchange differences on translation of foreign operations		42,210	70,102
		47,920	67,560
Surplus on property revaluation		58,821	–
Income tax effect		(20,000)	–
		38,821	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		86,741	67,560
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		357,856	289,785
Attributable to:			
Owners of the parent	11	354,798	276,842
Non-controlling interests		3,058	12,943
		357,856	289,785

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 April 2011

	Notes	30 April 2011 HK$'000	30 April 2010 HK$'000 (Restated)	1 May 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	388,961	235,007	128,247
Investment properties	*15*	351,646	264,519	114,990
Goodwill	*16*	328,363	317,395	9,741
Investments in associates	*18*	16,660	10,392	109
Available-for-sale investments	*19*	513	475	243
Deposits	*23*	64,689	45,167	28,336
Deferred tax assets	*20*	22,426	7,525	2,523
Total non-current assets		1,173,258	880,480	284,189
CURRENT ASSETS				
Inventories	*21*	895,293	581,889	402,138
Trade receivables	*22*	65,826	79,562	78,172
Tax recoverable		1,048	1,867	–
Prepayments, deposits and other receivables	*23*	94,275	66,269	38,670
Due from the ultimate holding company	*24*	–	–	1,137
Due from a former intermediate holding company	*24*	–	–	731
Due from the former immediate holding company	*24*	–	–	34,173
Due from fellow subsidiaries	*25*	1,911	1,529	1,287
Pledged deposits	*26*	7,373	1,069	395
Cash and cash equivalents	*26*	208,203	135,212	92,275
		1,273,929	867,397	648,978
Asset classified as held for sale	*27*	–	–	22,677
Total current assets		1,273,929	867,397	671,655

	Notes	30 April 2011 HK$'000	30 April 2010 HK$'000 (Restated)	1 May 2009 HK$'000 (Restated)
CURRENT LIABILITIES				
Trade payables	28	388,443	260,515	230,991
Other payables and accruals	29	199,023	121,906	85,659
Defined benefit obligations	30	89	41	52
Deferred revenue		79,355	66,500	49,466
Interest-bearing bank and other borrowings	31	248,752	163,448	58,384
Due to the former immediate holding company	24	–	–	11
Due to an associate	18	2,899	2,262	2,328
Due to fellow subsidiaries	25	3,006	1,040	788
Tax payable		56,002	43,139	28,058
Total current liabilities		977,569	658,851	455,737
NET CURRENT ASSETS		296,360	208,546	215,918
TOTAL ASSETS LESS CURRENT LIABILITIES		1,469,618	1,089,026	500,107
NON-CURRENT LIABILITIES				
Defined benefit obligations	30	1,633	1,353	985
Interest-bearing bank and other borrowings	31	11,229	2,591	35
Loan from a shareholder	33	12,230	11,840	–
Irredeemable convertible unsecured loan securities	34	302,891	391,831	–
Deferred tax liabilities	20	61,493	19,502	2,834
Other payables	29	286	275	–
Total non-current liabilities		389,762	427,392	3,854
Net assets		1,079,856	661,634	496,253

	Notes	30 April 2011 HK$'000	30 April 2010 HK$'000 (Restated)	1 May 2009 HK$'000 (Restated)
EQUITY				
Equity attributable to owners of the parent				
Issued capital	*35(a)*	1,104,016	553,400	332,861
Equity component of irredeemable convertible unsecured loan securities	*34*	1,299,514	1,752,505	–
Reserves	*37(a)*	(1,338,141)	(1,656,442)	125,478
		1,065,389	649,463	458,339
Non-controlling interests		14,467	12,171	37,914
Total equity		1,079,856	661,634	496,253

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 April 2011

	Attributable to owners of the parent												
	Issued capital	Exchange fluctuation reserve	Capital reserve	Available-for-sale investment revaluation reserve	Asset revaluation reserve	Share option reserve	Reverse acquisition reserve	Equity component of irredeemable convertible unsecured loan securities	Reserve funds	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2010	553,400	25,388	2,984	(2,542)	–	–	(2,058,762)	1,752,505	–	376,490	649,463	12,171	661,634
Profit for the year	–	–	–	–	–	–	–	–	–	268,669	268,669	2,446	271,115
Other comprehensive income for the year:													
Change in fair value of available- for-sale investments, net of tax	–	–	–	4,917	–	–	–	–	–	–	4,917	–	4,917
Revaluation of asset	–	–	–	–	58,821	–	–	–	–	–	58,821	–	58,821
Deferred tax on revaluation of asset	–	–	–	–	(20,000)	–	–	–	–	–	(20,000)	–	(20,000)
Exchange differences on translation of foreign operations	–	42,391	–	–	–	–	–	–	–	–	42,391	612	43,003
Total comprehensive income for the year	–	42,391	–	4,917	38,821	–	–	–	–	268,669	354,798	3,058	357,856
Conversion of irredeemable convertible unsecured loan securities *(note 35)*	550,616	–	–	–	–	–	–	(452,991)	–	4,772	102,397	–	102,397
Equity-settled share option arrangement *(note 36)*	–	–	–	–	–	11,155	–	–	–	–	11,155	44	11,199
Forfeiture of share options	–	–	–	–	–	(238)	–	–	–	238	–	–	–
Final 2010 dividend paid *(note 12)*	–	–	–	–	–	–	–	–	–	(52,424)	(52,424)	–	(52,424)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(806)	(806)
Appropriate to reserve funds	–	–	–	–	–	–	–	–	50	(50)	–	–	–
At 30 April 2011	1,104,016	67,779*	2,984*	2,375*	38,821*	10,917*	(2,058,762)*	1,299,514	50*	597,695*	1,065,389	14,467	1,079,856

* These reserve accounts comprise the consolidated negative reserves of HK$1,338,141,000 (2010: HK$1,656,442,000) in the consolidated statement of financial position.

	Attributable to owners of the parent									
	Issued capital *HK$'000*	Exchange fluctuation reserve *HK$'000*	Capital reserve *HK$'000*	Available-for-sale investment revaluation reserve *HK$'000*	Reverse acquisition reserve *HK$'000*	Equity component of irredeemable convertible unsecured loan securities *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 May 2009	332,861	(42,240)	2,984	–	–	–	164,734	458,339	37,914	496,253
Profit for the year	–	–	–	–	–	–	211,756	211,756	10,469	222,225
Other comprehensive income for the year:										
Change in fair value of available- for-sale investments, net of tax	–	–	–	(2,542)	–	–	–	(2,542)	–	(2,542)
Exchange differences on translation of foreign operations	–	67,628	–	–	–	–	–	67,628	2,474	70,102
Total comprehensive income for the year	–	67,628	–	(2,542)	–	–	211,756	276,842	12,943	289,785
Acquisition of subsidiaries *(note 35)*	118,039	–	–	–	(2,058,762)	–	–	(1,940,723)	10,199	(1,930,524)
Acquisition of non-controlling interests *(note 35)*	6,500	–	–	–	–	–	–	6,500	(48,154)	(41,654)
Issue of irredeemable convertible unsecured loan securities	–	–	–	–	–	1,801,721	–	1,801,721	–	1,801,721
Loan capitalisation *(note 35)*	36,000	–	–	–	–	–	–	36,000	–	36,000
Conversion of irredeemable convertible unsecured loan securities *(note 35)*	60,000	–	–	–	–	(49,216)	–	10,784	–	10,784
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(731)	(731)
At 30 April 2010	553,400	25,388*	2,984*	(2,542)*	(2,058,762)*	1,752,505	376,490*	649,463	12,171	661,634

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 April 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		3,543,376	2,532,523
Cash paid to suppliers and employees		(2,208,836)	(1,555,051)
Cash paid for other operating expenses		(1,043,019)	(771,159)
Cash generated from operations		291,521	206,313
Income tax paid		(66,486)	(51,217)
Net cash flows from operating activities		225,035	155,096
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		458	1,155
Purchases of items of property, plant and equipment	*14*	(136,497)	(126,243)
Proceeds from disposal of items of property, plant and equipment		4,235	1,044
Proceeds from disposal of an asset held for sale		–	22,677
Acquisition of subsidiaries	*38*	(789)	(147,493)
Acquisition of non-controlling interests		–	(6,924)
Net cash flows used in investing activities		(132,593)	(255,784)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(30,906)	(4,695)
Dividend paid		(52,424)	–
Dividends paid to non-controlling shareholders		(806)	(731)
Decrease in an amount due from the ultimate holding company		–	1,276
Decrease in an amount due from a former intermediate holding company		–	820
Changes in balance with the former immediate holding company		–	38,327
Changes in balances with fellow subsidiaries		1,620	71

	Notes	2011 HK$'000	2010 HK$'000
Increase/(decrease) in an amount due to an associate		471	(350)
Increase in a loan from a shareholder		390	11,137
New bank loans		240,985	96,809
Repayment of bank loans		(133,308)	(526)
Capital element of hire purchase rental payments		(123)	(28)
Net cash flows from financing activities		25,899	142,110
NET INCREASE IN CASH AND CASH EQUIVALENTS		118,341	41,422
Effect on foreign exchange rate changes, net		(10,057)	7,888
Cash and cash equivalents at beginning of year		107,292	57,982
CASH AND CASH EQUIVALENTS AT END OF YEAR		215,576	107,292
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*26*	198,401	127,446
Non-pledged time deposits with original maturity of less than three months when acquired	*26*	9,802	7,766
Cash and cash equivalents as stated in the statement of financial position		208,203	135,212
Deposits with original maturity of less than three months when accepted, pledged as security for bank guarantees	*26*	7,373	1,069
Bank overdrafts	*31*	–	(28,989)
Cash and cash equivalents as stated in the statement of cash flows		215,576	107,292

STATEMENT OF FINANCIAL POSITION

30 April 2011

	Notes	30 April 2011 HK$'000	30 April 2010 HK$'000 (Restated)	1 May 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	378	255	292
Investment properties	*15*	91,110	68,852	49,392
Investments in subsidiaries	*17*	2,495,635	2,489,599	–
Investment in an associate	*18*	8,200	8,200	8,200
Available-for-sale investments	*19*	200	200	200
Total non-current assets		2,595,523	2,567,106	58,084
CURRENT ASSETS				
Due from a subsidiary	*17*	10,133	–	–
Trade receivables	*22*	5	29	9
Prepayments, deposits and other receivables	*23*	484	362	305
Dividend receivable		–	70,303	–
Cash and cash equivalents	*26*	7,335	412	88
Total current assets		17,957	71,106	402
CURRENT LIABILITIES				
Other payables and accruals	*29*	2,468	3,260	630
Due to a former related company	*25*	–	–	118
Due to subsidiaries	*17*	1,265	4,786	1,288
Interest-bearing bank borrowings	*31*	6,165	6,345	6,525
Tax payable		–	1,400	–
Total current liabilities		9,898	15,791	8,561
NET CURRENT ASSETS/(LIABILITIES)		8,059	55,315	(8,159)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,603,582	2,622,421	49,925

	Notes	30 April 2011 HK$'000	30 April 2010 HK$'000 (Restated)	1 May 2009 HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Other payables	29	286	275	259
Loan from a shareholder	33	12,230	11,840	28,895
Irredeemable convertible unsecured loan securities	34	302,891	391,831	–
Total non-current liabilities		315,407	403,946	29,154
Net assets		2,288,175	2,218,475	20,771
EQUITY				
Issued capital	35(b)	942,962	392,346	118,210
Equity component of irredeemable convertible unsecured loan securities	34	1,299,514	1,752,505	–
Reserves	37(b)	45,699	73,624	(97,439)
Total equity		2,288,175	2,218,475	20,771

NOTES TO FINANCIAL STATEMENTS

30 April 2011

1. CORPORATE INFORMATION

Cosway Corporation Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Unit 1701, 17/F, Austin Plaza, 83 Austin Road, Jordan, Kowloon, Hong Kong.

During the year, the principal activities of the Company and its subsidiaries (collectively referred to as the "Group") consisted of direct selling of household, personal care, healthcare and other consumer products and property investment. In the opinion of the directors, the ultimate holding company of the Company is Berjaya Corporation Berhad ("BCorp"), which is incorporated in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain available-for-sale investments, which have been measured at fair value. Non-current asset held for sale is stated at the lower of its carrying amount and fair value less costs to sell, as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Reverse acquisition

On 13 October 2009, the Company entered into agreements with Cosway Corporation Berhad ("CCB"), Biofield Sdn. Bhd. ("Biofield"), an indirect subsidiary of CCB, and Madison County LLC, an independent third party, (collectively the "Cosway M Vendors") for the acquisition of 83.89%, 6.11% and 10.00% equity interests, respectively, in Cosway (M) Sdn. Bhd. ("Cosway M") and its subsidiaries (collectively the "Cosway M Group"), at the consideration of Ringgit Malaysia ("RM") 1,000,000,000, equivalent to HK$2,230,399,000, in aggregate (the "Acquisition"). Cosway M Group is engaged in the direct sales of consumer products, property investment and investment holding. On the same date, the Company entered into another agreement with Prime Credit Leasing Sdn. Bhd., Berjaya Sompo Insurance Berhad, Inter-Pacific Securities Sdn. Bhd., Berjaya Hills Berhad, Tan Sri Dato' Seri Vincent Tan Chee Yioun and Tan Yeong Sheik, Rayvin (collectively the "eCosway Vendors") for the acquisition from eCosway Vendors of an aggregate 40% equity interest in eCosway.com Sdn. Bhd. ("eCosway"), a 60%-owned subsidiary of Cosway M, at an aggregate consideration of RM107,584,000, equivalent to HK$239,700,000. eCosway is principally engaged in the direct selling business with online shopping portal.

The consideration for the Acquisition of RM1,000,000,000, equivalent to HK$2,230,399,000 was satisfied by (a) the issuance of 858,185,074 ordinary shares of the Company of HK$0.20 per share; (b) issuance of irredeemable convertible unsecured loan securities ("ICULS") with principal amount of HK$1,956,800,000 and (c) cash of RM44,700,000, equivalent to HK$101,962,000 upon completion.

The consideration for the acquisition of the 40% equity interests of eCosway was satisfied by (a) the issuance of 32,498,592 ordinary shares of the Company of HK$0.20 per share and (b) issuance of ICULS with principal amount of HK$233,200,000.

The above acquisitions of equity interests in Cosway M Group and eCosway were completed on 8 December 2009. Details of the acquisitions of Cosway M Group and eCosway are set out in the Company's circular dated 30 October 2009.

Under general accepted accounting principles in Hong Kong, the Acquisition constituted a reverse acquisition from an accounting perspective since CCB had become the controlling shareholder of the Company after the Acquisition. For accounting purposes, Cosway M is regarded as the acquirer while the Company and its subsidiaries before the Acquisition (collectively the "CCL Group") are deemed to have been acquired by Cosway M. As a result, these consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Cosway M Group which has a financial year end date of 30 April, and accordingly:

(i) the assets and liabilities of the Cosway M Group are recognised and measured in these consolidated financial statements at their historical carrying values prior to the Acquisition;

(ii) the retained profits and other reserve balances of Cosway M Group prior to the Acquisition are retained in the equity balances in these consolidated financial statements; and

(iii) the amount recognised as issued capital of the Group in these consolidated financial statements, which represents the share capital in the consolidated statement of financial position of the Group, is the sum of the issued share capital of Cosway M (the legal subsidiary after the Acquisition), Cosway M Group's deemed cost of acquisition of the CCL Group, and the subsequent issue of new shares of the Company upon completion of the Acquisition. However, the equity structure, being the number and type of shares issued, reflects the equity structure of the Company (the legal parent after the Acquisition) including the new shares issued in effecting the Acquisition.

Basis of consolidation

Basis of consolidation from 1 May 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 May 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 May 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 May 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 May 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009*, HK Interpretation 4 (Revised in December 2009) and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) ***Business Combinations*** **and HKAS 27 (Revised)** ***Consolidated and Separate Financial Statements***

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 May 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 Leases – *Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 Leases included in Improvements to HKFRSs 2009. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases in Malaysia, previously classified as operating leases, upon the adoption of the amendments. As substantially all the risks and rewards associated with the leases in Malaysia have been transferred to the Group, leases in Malaysia have been reclassified from operating leases under "prepaid land lease payments" to finance leases under "property, plant and equipment". The corresponding amortisation has also been reclassified to depreciation. The effects of the above changes are summarised below:

	2011	**2010**
	HK$'000	*HK$'000*
Consolidated income statement for the year ended 30 April:		
Decrease in amortisation of prepaid land lease payments	(194)	(178)
Increase in depreciation of property, plant and equipment	194	178
	–	–

	30 April 2011	**30 April 2010**	**1 May 2009**
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position:			
Decrease in prepaid land lease payments, net	(10,159)	(9,618)	(8,747)
Increase in property, plant and equipment, net	10,159	9,618	8,747

Due to the retrospective application of the amendments which has resulted in the restatement of items in the statement of financial position, a statement of financial position as at 1 May 2009, and the related notes affected by the amendments have been presented in these financial statements.

(c) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The interpretation requires a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement.

Prior to the adoption of this interpretation, the Group's and the Company's term loans were classified in the consolidated statement of financial position and the statement of financial position separately as to the current and non-current liability portions based on the maturity dates of repayment. Upon the adoption of the interpretation, a term loan has been reclassified as a current liability. The interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include a consolidated statement of financial position and a statement of financial position as at 1 May 2009.

Further details of the loans of the Group and the Company are disclosed in note 31 to the financial statements.

The above change has had no effect on the consolidated income statement. The effects on the Group's consolidated statement of financial position and the Company's statement of financial position are summarised as follows:

	30 April 2011	**30 April 2010**	**1 May 2009**
	HK$'000	*HK$'000*	*HK$'000*
Group			
Current liabilities			
Increase in interest-bearing bank and other borrowings	5,985	6,165	–
Non-current liabilities			
Decrease in interest-bearing bank and other borrowings	(5,985)	(6,165)	–
Company			
Current liabilities			
Increase in interest-bearing bank borrowings	5,985	6,165	6,345
Non-current liabilities			
Decrease in interest-bearing bank borrowings	(5,985)	(6,165)	(6,345)

There was no impact on the net assets of the Group and the Company.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[3]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[3]
HKFRS 9	*Financial Instruments*[5]
HKFRS 10	*Consolidated Financial Statements*[5]
HKFRS 11	*Joint Arrangements*[5]
HKFRS 12	*Disclosure of Interests in Other Entities*[5]
HKFRS 13	*Fair Value Measurement*[5]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred tax: Recovery of Underlying Assets*[4]
HKAS 24 (Revised)	*Related Party Disclosures*[2]
HKAS 27 (2011)	*Separate Financial Statements*[5]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[5]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[2]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 July 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 July 2011
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKFRS 9, HKFRS 10, HKFRS 12, HKFRS 13, HKAS 12 Amendments, HKAS 27 (2011) and HKAS 28 (2011), these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of the associate are included in the Company's income statement to the extent of dividends received and receivable. The Company's investment in an associate is treated as a non-current asset and is stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations from 1 May 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 April. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 May 2010 but after 1 May 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 May 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties, goodwill and asset classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

If a property occupied by the Group as an owner-occupied property becomes an investment property, at the date of change in use, a valuation is performed. Any difference at that date between the carrying amount and the fair value of the property is dealt with as a movement in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Leasehold land under finance leases	Over the lease terms
Buildings	Over the shorter of the lease terms of leasehold land and 2%
Plant and machinery	25%
Office and computer equipment	20% to 33%
Furniture and fittings	10% to 20%
Renovation works	Over the shorter of the lease terms and 20% to 33%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets (other than investment properties, deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents, pledged deposits, trade and other receivables, deposits, amounts due from group companies, and available-for-sale investments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through agreement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increase in their fair values after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, a loan from a shareholder, amounts due to group companies and associates, ICULS and interest-bearing bank and other borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Irredeemable convertible unsecured loan securities

The component of ICULS that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of ICULS, the fair value of the liability component is the present value of the future interest payments to the ICULS Holders. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the ICULS based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the services have been rendered;

(c) membership fee income, for the entrance fee, when no significant uncertainty as to its collectability exists;

(d) membership fee income, for the membership benefits, on a time proportion basis over the membership period;

(e) rental income, on a time proportion basis over the lease terms; and

(f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the Group as consideration cannot be specifically identified, the unidentifiable goods or services are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Other employee benefits

Defined contribution plans

Defined contribution plans include post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred.

As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. Some of the Group's foreign subsidiaries and branches also make contributions to their respective countries' statutory pension schemes.

The Company and the Group's subsidiaries which operate in Hong Kong operate defined contribution Mandatory Provident Fund retirement benefit schemes (the "MPF Schemes") under the Mandatory Provident Fund Schemes Ordinance for all of their employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Schemes. The assets of the MPF Schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Schemes.

The employees of the Group's Taiwan branch (the "Taiwan Branch") participate in a central pension scheme (the "Taiwan Scheme") operated by the local government. The Taiwan Branch is required to contribute a specific amount and deposit these amounts into individual pension accounts at the Bureau of Labour Insurance, pursuant to the local pension regulations in Taiwan. The contributions are charged to the income statement, as they become payable in accordance with the rules of the Taiwan Scheme.

Defined benefit plans

The Group's net obligations in respect of defined benefit plans for certain subsidiaries are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the market yield at the end of the reporting period on high quality corporate bonds or government bonds. The calculation is performed by an actuary using the projected unit credit method.

Past service cost is recognised in the income statement to the extent that the benefits are already vested. When the benefits of a plan have improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested.

In calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds.

Dividends

Final dividend distribution to the shareholders of the Company is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the shareholders of the Company.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Customer loyalty programme

The Group operates a customer loyalty programme which allows customers to accumulate redemption coupons when they purchase products from the Group. The redemption coupons can then be used to purchase a selection of products at discounted price or redeem products free.

The consideration received is allocated between the products sold and the redemption coupons issued, with the consideration allocated to the redemption coupons being equal to their fair value. Fair value is determined by applying statistical techniques.

The fair value of the redemption coupons issued is deferred and recognised as revenue when the redemption coupons are redeemed.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. Where the Group uses only an insignificant portion of a property, the whole property is an investment property stated at fair value. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amount of investment properties at 30 April 2011 was HK$351,646,000 (2010: HK$264,519,000). Further details are contained in note 15 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 30 April 2011 was HK$4,326,000 (2010: HK$669,000). The amount of unrecognised tax losses at 30 April 2011 was HK$149,650,000 (2010: HK$79,353,000). Further details are contained in note 20 to the financial statements.

Estimation of useful lives of items of property, plant and equipment

Management estimates the useful lives of items of property, plant and equipment when acquired based on the period over which the items of property, plant and equipment are expected to be available for use to the Group. The useful lives of items of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of the reporting period. The carrying value of property, plant and equipment at 30 April 2011 was HK$388,961,000 (2010 (restated): HK$235,007,000). Further details are included in note 14 to the financial statements.

Impairment test of items of property, plant and equipment

Management estimates the recoverable amount of items of property, plant and equipment when an indication of impairment exists. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 April 2011 was HK$328,363,000 (2010: HK$317,395,000). Further details are included in note 16 to the financial statements.

Customer loyalty programmes

The Group operates a customer loyalty programme which allows customers to accumulate redemption coupons when they purchase products from the Group. Management estimates the fair value of the redemption coupons issued and such fair value is reviewed regularly, and adjusted if appropriate.

4. 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.

Segment assets exclude investments in associates, available-for-sale investments, goodwill, deferred tax assets, tax recoverable and certain other receivables as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, ICULS, loan from a shareholder, tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

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.

	Direct selling/Retailing		Property investment		Total	
Year ended 30 April	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to external customers	3,356,225	2,318,137	12,258	11,141	3,368,483	2,329,278
Intersegment sales	–	–	6,445	3,670	6,445	3,670
	3,356,225	2,318,137	18,703	14,811	3,374,928	2,332,948
Reconciliation:						
Elimination of intersegment sales					(6,445)	(3,670)
Revenue					3,368,483	2,329,278
Segment results	318,063	277,515	65,971	9,087	384,034	286,602
Reconciliation:						
Interest income					458	1,155
Unallocated gains					11,972	14,011
Finance costs					(44,363)	(19,031)
Share of profits and losses of associates					623	373
Profit before tax					352,724	283,110

	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	HK$'000	*HK$'000* (Restated)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Restated)
Segment assets	1,729,946	1,130,356	347,416	273,095	2,077,362	1,403,451
Reconciliation:						
Investments in associates					16,660	10,392
Corporate and unallocated assets					353,165	334,034
Total assets					2,447,187	1,747,877
Segment liabilities	666,496	445,622	8,238	8,270	674,734	453,892
Reconciliation:						
Corporate and unallocated liabilities					692,597	632,351
Total liabilities					1,367,331	1,086,243
Other segment information:						
Depreciation	59,411	31,687	153	132	59,564	31,819
Capital expenditure*	146,020	126,255	229	126,434	146,249	252,689
Reversal of impairment of other receivables	–	(3,956)	–	–	–	(3,956)
Change in fair value of investment properties	–	–	(65,972)	(9,010)	(65,972)	(9,010)

* Capital expenditure consists of additions to property, plant and equipment and investment properties, including assets from the acquisition of subsidiaries.

Geographical information

(a) Revenue from external customers

	2011	2010
	HK$'000	*HK$'000*
Malaysia, Singapore and Brunei	1,666,538	1,268,329
Hong Kong, Macau and Taiwan	1,368,997	903,241
Other countries	332,948	157,708
	3,368,483	2,329,278

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Malaysia, Singapore and Brunei	754,552	668,934
Hong Kong, Macau and Taiwan	156,028	118,768
Other countries	239,739	84,778
	1,150,319	872,480

The non-current asset information above is based on the location of assets and excludes available-for-sale investments and deferred tax assets.

5. 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 year.

An analysis of revenue and other income is as follows:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sale of goods	3,256,568	2,277,442
Membership fee income	99,657	40,695
Gross rental income	12,258	11,141
	3,368,483	2,329,278
Other income		
Interest income	458	1,155
Others	11,972	14,011
	12,430	15,166

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2011 *HK$'000*	2010 *HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	11,946	4,695
Interest on ICULS	32,417	14,336
	44,363	19,031

7. PROFIT BEFORE TAX

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

	Notes	2011 *HK$'000*	2010 *HK$'000* (Restated)
Cost of inventories sold		1,344,569	1,010,030
Auditors' remuneration		2,713	2,075
Depreciation	*14*	59,564	31,819
Minimum lease payments under operating leases on:			
Land and buildings		104,698	67,084
Contingent rents of retail shops		420	196
Plant and machinery		50	419
		105,168	67,699
Employee benefit expenses (including directors' remuneration *(note 8)*):			
Wages, salaries, allowances and benefits in kind		211,370	144,187
Equity-settled share option expenses		11,199	–
Defined contribution scheme		12,170	8,790
Defined benefit scheme	*30*	284	216
Pension scheme contributions		12,454	9,006
		235,023	153,193
Gross rental income on investment properties		(12,258)	(11,141)
Less: Outgoing expenses		6,584	5,750
Net rental income		(5,674)	(5,391)
Loss on disposal of items of property, plant and equipment		5,134	105
Impairment of trade receivables, net	*22*	3,997	2,539
Reversal of impairment of other receivables	*23*	–	(3,956)
Change in fair value of investment properties	*15*	(65,972)	(9,010)
Write-down/(written back) of inventories to net realisable value		(9,492)	6,005
Withholding tax on royalty income		4,725	2,999
Foreign exchange differences, net		11,773	8,618

8. DIRECTORS' REMUNERATION

Details of directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	Group 2011 HK$'000	2010 HK$'000
Fees	600	922
Other emoluments:		
Salaries, allowances and benefits in kind	9,204	1,143
Discretionary performance related bonuses*	4,553	371
Equity-settled share option expenses	5,163	–
Pension scheme contributions	1,449	144
	20,369	1,658
	20,969	2,580

* Certain executive directors of the Company are entitled to bonus payments which are determined based on their performance during the year.

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the financial statements. The fair value of such options which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Notes	2011 HK$'000	2010 HK$'000
Leou Thiam Lai		200	80
Deng Xiao Lan, Rose		200	–
Massimo Guglielmucci	*(i)*	38	–
Wong Ying Wai, Wilfred	*(ii)*	162	–
Dato' Lee Ah Hoe	*(iii)*	–	80
Tan Tee Yong	*(iii)*	–	80
		600	240

There were no other emoluments payable to the independent non-executive directors during the year (2010: Nil).

Notes:

(i) Massimo Guglielmucci was appointed as an independent non-executive director of the Company on 4 March 2011.

(ii) Wong Ying Wai, Wilfred, was appointed as an independent non-executive director of the Company on 17 March 2010 and resigned as an independent non-executive director of the Company on 4 March 2011.

(iii) Dato' Lee Ah Hoe and Tan Tee Yong resigned as independent non-executive directors of the Company on 17 March 2010 and 9 April 2010, respectively.

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance related bonuses HK$'000	Equity- settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2011						
Executive directors:						
Chuah Choong Heong	–	7,279	4,478	4,766	1,403	17,926
Tan Yeong Sheik, Rayvin	–	1,440	–	318	12	1,770
	–	8,719	4,478	5,084	1,415	19,696
Non-executive directors:						
Chan Kien Sing	–	–	–	–	–	–
Tan Thiam Chai	–	–	–	–	–	–
Tan Ee Ling	–	485	75	79	34	673
	–	485	75	79	34	673
	–	9,204	4,553	5,163	1,449	20,369

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2010						
Executive directors:						
Chuah Choong Heong	*(i)*	–	850	–	102	952
Tan Yeong Sheik, Rayvin		580	5	300	12	897
Vivienne Cheng Chi Fan	*(ii)*	–	–	–	–	–
Chin Chee Seng, Derek	*(ii)*	–	–	–	–	–
Wong Man Hong	*(ii)*	102	–	–	1	103
		682	855	300	115	1,952
Non-executive directors:						
Chan Kien Sing	*(iii)*	–	–	–	–	–
Tan Thiam Chai	*(iii)*	–	–	–	–	–
Tan Ee Ling	*(iii)*	–	288	71	29	388
		–	288	71	29	388
		682	1,143	371	144	2,340

Notes:

(i) Chuah Choong Heong was appointed as the Chairman and the Chief Executive Officer of the Company on 17 March 2010.

(ii) Vivienne Cheng Chi Fan, Chin Chee Seng, Derek and Wong Man Hong resigned as executive directors of the Company on 17 March 2010.

(iii) Chan Kien Sing, Tan Thiam Chai and Tan Ee Ling were re-designated from executive directors to non-executive directors of the Company on 17 March 2010.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2010: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2010: three) non-director, highest paid employees for the year are as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	3,102	2,462
Discretionary performance related bonuses	805	437
Equity-settled share option expenses	477	–
Pension scheme contributions	468	202
	4,852	3,101

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2011	**2010**
Nil to HK$1,000,000	–	1
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$2,500,000	1	–
	3	3

During the year, share options were granted to three non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 36 to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. INCOME TAX

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

	2011 *HK$'000*	**2010** *HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	20,280	11,770
Overprovision in prior years	–	(25)
Current – Malaysia		
Charge for the year	47,294	38,391
Underprovision/(overprovision) in prior years	(241)	1,208
Current – Elsewhere		
Charge for the year	8,650	7,455
Underprovision/(overprovision) in prior years	(259)	86
Deferred *(note 20)*	5,885	2,000
Total tax charge for the year	81,609	60,885

A subsidiary of the Group, eCosway, has obtained approval from the Multimedia Development Corporation ("MDeC") as a Multimedia Super Corridor ("MSC") company and has been granted Pioneer Status with full income tax exemption under the Promotion of Investments Act, 1986 in Malaysia for an extended period of 5 years commencing 4 October 2007.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries or jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2011 *HK$'000*	**2010** *HK$'000*
Profit before tax	352,724	283,110
Taxation at Hong Kong statutory tax rate of 16.5% (2010: 16.5%)	58,199	46,713
Different tax rates in other countries	18,863	10,656
Income not subject to tax	(4,527)	6,743
Expenses not deductible for tax	19,512	7,740
Tax exempt under MSC status	(23,964)	(12,233)
Tax losses not recognised	14,361	249
Adjustments in respect of current tax of previous periods	(500)	1,269
Others	(335)	(252)
Tax charge at the Group's effective rate of 23.1% (2010: 21.5%)	81,609	60,885

The share of tax attributable to an associate amounting to HK$22,000 (2010: HK$129,000) is included in "share of profits and losses of associates" on the face of the consolidated income statement.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

Of the Group's profit attributable to owners of the parent of HK$268,669,000 (2010: HK$211,756,000), a profit of HK$8,528,000 (2010: HK$157,541,000) has been dealt with in the financial statements of the Company (note 37(b)).

12. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 30 April 2011.

At a meeting held on 19 August 2010, the directors proposed a final dividend of HK1.5 cents per ordinary share for the year ended 30 April 2010, which was estimated to be HK$29,426,000 at the time calculated on the basis of the ordinary shares in issue as at 30 April 2010. The final dividend was approved by shareholders at the annual general meeting on 30 September 2010. As a result of shares issued upon conversion of ICULS during the period between 1 May 2010 and 30 September 2010, the final dividend paid in respect of the year ended 30 April 2010 totalled HK$52,424,000.

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

The calculations of basic and diluted earnings per share are based on the following data:

	2011	**2010**
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	268,669	211,756

	2011	**2010**
	Number of shares	**Number of shares**
	(in thousand)	*(in thousand)*
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	5,495,200

No adjustment has been made to the basic earnings per share amount presented for the year ended 30 April 2011 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. There was no share option outstanding during the year ended 30 April 2010.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land HK$'000	Leasehold land under finance leases HK$'000	Buildings HK$'000	Plant and machinery HK$'000	Office and computer equipment HK$'000	Furniture and fittings HK$'000	Renovation works HK$'000	Motor vehicles HK$'000	Total HK$'000
30 April 2011									
At 30 April 2010 and 1 May 2010:									
Cost	36,047	13,071	41,161	5,935	98,529	14,792	165,796	34,065	409,396
Accumulated depreciation and impairment	(5,814)	(3,453)	(13,366)	(4,821)	(55,892)	(9,378)	(70,536)	(11,129)	(174,389)
Net carrying amount (restated)	30,233	9,618	27,795	1,114	42,637	5,414	95,260	22,936	235,007
At 1 May 2010, net of accumulated depreciation and impairment (restated)	30,233	9,618	27,795	1,114	42,637	5,414	95,260	22,936	235,007
Additions	–	–	–	318	38,529	4,481	81,266	11,903	136,497
Acquisition of subsidiaries *(note 38)*	–	–	–	1,555	587	6,227	311	1,072	9,752
Transfer from investment properties *(note 15)*	77,854	–	–	–	–	–	–	–	77,854
Surplus on revaluation	55,669	–	3,152	–	–	–	–	–	58,821
Transfer to investment properties *(note 15)*	(71,139)	–	(11,487)	–	–	–	–	–	(82,626)
Disposals	(653)	–	(766)	–	(2,748)	(18)	(3,591)	(1,843)	(9,619)
Depreciation provided during the year	–	(194)	(786)	(415)	(16,017)	(2,027)	(35,144)	(4,981)	(59,564)
Exchange realignment	5,925	735	1,967	154	4,293	(197)	8,019	1,943	22,839
At 30 April 2011, net of accumulated depreciation and impairment	97,889	10,159	19,875	2,726	67,281	13,880	146,121	31,030	388,961
At 30 April 2011:									
Cost	99,075	14,260	29,070	10,995	143,291	29,625	257,987	44,389	628,692
Accumulated depreciation and impairment	(1,186)	(4,101)	(9,195)	(8,269)	(76,010)	(15,745)	(111,866)	(13,359)	(239,731)
Net carrying amount	97,889	10,159	19,875	2,726	67,281	13,880	146,121	31,030	388,961

	Freehold land HK$'000	Leasehold land under finance leases HK$'000 (Restated)	Buildings HK$'000	Plant and machinery HK$'000	Office and computer equipment HK$'000	Furniture and fittings HK$'000	Renovation works HK$'000	Motor vehicles HK$'000	Total HK$'000 (Restated)
30 April 2010									
At 1 May 2009:									
Cost	27,572	11,652	34,423	5,071	59,480	11,542	78,059	24,107	251,906
Accumulated depreciation and impairment	(5,182)	(2,905)	(10,783)	(3,850)	(41,538)	(7,250)	(45,231)	(6,920)	(123,659)
Net carrying amount	22,390	8,747	23,640	1,221	17,942	4,292	32,828	17,187	128,247
At 1 May 2009, net of accumulated depreciation and impairment	22,390	8,747	23,640	1,221	17,942	4,292	32,828	17,187	128,247
Additions	3,752	–	1,307	131	32,473	1,955	79,419	7,206	126,243
Acquisition of subsidiaries *(note 38)*	–	–	–	–	144	–	151	–	295
Disposals	–	–	–	–	(487)	(17)	(129)	(516)	(1,149)
Depreciation provided during the year	–	(178)	(791)	(358)	(8,596)	(994)	(18,186)	(2,716)	(31,819)
Exchange realignment	4,091	1,049	3,639	120	1,161	178	1,177	1,775	13,190
At 30 April 2010, net of accumulated depreciation and impairment	30,233	9,618	27,795	1,114	42,637	5,414	95,260	22,936	235,007
At 30 April 2010:									
Cost	36,047	13,071	41,161	5,935	98,529	14,792	165,796	34,065	409,396
Accumulated depreciation and impairment	(5,814)	(3,453)	(13,366)	(4,821)	(55,892)	(9,378)	(70,536)	(11,129)	(174,389)
Net carrying amount	30,233	9,618	27,795	1,114	42,637	5,414	95,260	22,936	235,007

Company

	Renovation works HK$'000	Furniture and fittings HK$'000	Total HK$'000
30 April 2011			
At 30 April 2010 and at 1 May 2010:			
Cost	178	391	569
Accumulated depreciation	(42)	(272)	(314)
Net carrying amount	136	119	255
At 1 May 2010, net of accumulated depreciation	136	119	255
Additions	202	4	206
Depreciation provided during the year	(41)	(20)	(61)
Disposals	–	(22)	(22)
At 30 April 2011, net of accumulated depreciation	297	81	378
At 30 April 2011:			
Cost	380	192	572
Accumulated depreciation	(83)	(111)	(194)
Net carrying amount	297	81	378

	Renovation works HK$'000	Furniture and fittings HK$'000	Total HK$'000
30 April 2010			
At 1 May 2009:			
Cost	178	373	551
Accumulated depreciation	(9)	(250)	(259)
Net carrying amount	169	123	292
At 1 May 2009, net of accumulated depreciation	169	123	292
Additions	–	18	18
Depreciation provided during the year	(33)	(22)	(55)
At 30 April 2010, net of accumulated depreciation	136	119	255
At 30 April 2010:			
Cost	178	391	569
Accumulated depreciation	(42)	(272)	(314)
Net carrying amount	136	119	255

The net carrying amount of the Group's property, plant and equipment held under hire purchase contracts included in the total amount of plant and machinery at 30 April 2011 amounted to HK$551,000 (2010: HK$39,000).

At 30 April 2011, certain of the Group's land and buildings with a net carrying amount of approximately HK$96,911,000 (2010: HK$14,293,000) were pledged to secure general banking facilities granted to the Group (note 31(b)(ii)).

The Group's lands included in property, plant and equipment are situated in Malaysia, Taiwan and Brazil and are held under the following lease terms:

Group

	30 April 2011	**30 April 2010**	**1 May 2009**
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Malaysia			
Freehold	90,230	8,321	7,417
Long term leases	10,159	9,618	8,747
Taiwan			
Freehold	7,659	7,102	3,127
Brazil			
Freehold	–	14,810	11,846
	108,048	39,851	31,137

During the year, certain land and buildings of the Group were transferred to investment properties since the date of change in use. Such land and buildings were revalued at the date of change in use by Vigers Appraisal & Consulting Limited, independent professionally qualified valuers, at an aggregate open market value of HK$82,626,000 based on their existing use. A revaluation surplus of HK$58,821,000 resulting from the above valuation has been credited to equity. The respective deferred tax resulting from the surplus on revaluation has been charged to equity.

15. INVESTMENT PROPERTIES

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Carrying amount at beginning of year	264,519	114,990
Additions from acquisition of subsidiaries *(notes 38(c) and (d))*	–	126,151
Transfer from property, plant and equipment *(note 14)*	82,626	–
Transfer to property, plant and equipment *(note 14)*	(77,854)	–
Net profit from a fair value adjustment	65,972	9,010
Exchange realignment	16,383	14,368
Carrying amount at end of year	351,646	264,519

	Company	
	2011	**2010**
	HK$'000	*HK$'000*
Carrying amount at beginning of year	68,852	49,392
Net profit from a fair value adjustment	22,258	19,460
Carrying amount at end of year	91,110	68,852

Analysis by type and location:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Malaysia		
Freehold	156,268	194,525
Taiwan		
Freehold	910	1,142
Hong Kong		
Long term leases	79,650	60,083
Medium term leases	10,400	7,800
Mainland China		
Long term leases	1,060	969
Brazil		
Freehold	103,358	–
	351,646	264,519

	Company	
	2011	**2010**
	HK$'000	*HK$'000*
Hong Kong		
Long term leases	79,650	60,083
Medium term leases	10,400	7,800
Mainland China		
Long term leases	1,060	969
	91,110	68,852

The Group's investment properties situated in Malaysia were revalued on 30 April 2011 by Jordan Lee & Jaafar Sdn. Bhd., independent professionally qualified valuers, at HK$156,268,000 on an open market, existing use basis.

The Group's investment properties situated in Taiwan were revalued on 30 April 2011 by China Prudence Real Estate Appraisers Firm, independent professionally qualified valuers, at HK$910,000 on an open market, existing use basis.

The Group's and the Company's investment properties situated in Hong Kong and Mainland China were revalued on 30 April 2011 by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at HK$91,110,000 on an open market, existing use basis.

The Group's investment properties situated in Brazil were revalued on 30 April 2011 by Vigers Appraisal & Consulting Limited, independent professionally qualified valuers, at HK$103,358,000 on an open market, existing use basis.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 41 to the financial statements.

At 30 April 2011, the Group's and the Company's investment properties with values of HK$231,284,000 (2010: HK$195,484,000) and HK$86,700,000 (2010: HK$65,233,000), respectively, were pledged to secure general banking facilities granted to the Group and the Company (note 31(b)(i)).

16. GOODWILL

Group

	HK$'000
Cost and net carrying amount at 1 May 2009	9,741
Acquisition of subsidiaries *(notes 38(c) and (d))*	106,934
Acquisition of non-controlling interests	199,532
Exchange realignment	1,188
Cost and net carrying amount at 30 April 2010 and 1 May 2010	317,395
Acquisition of a subsidiary *(note 38(b))*	9,579
Exchange realignment	1,389
Cost and net carrying amount at 30 April 2011	328,363

Impairment testing of goodwill

Goodwill acquired through business combinations amounting to HK$328,363,000 has been allocated to the direct selling/retailing cash-generating unit for impairment testing.

The recoverable amount of the direct selling/retailing cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow projections are discounted using the weighted average costs of capital of 14% to 22%.

(a) Key assumptions used in value-in-use calculation

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing of goodwill:

(i) Budgeted gross margin

The budgeted gross margins of 25% to 40% used are based on the average gross margins achieved in the year immediately before the budget year and increased for expected efficiency improvements.

(ii) Growth rate

The weighted average growth rate used to extrapolate the cash flows beyond the five-year period is 2% which is consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates of 14% to 22% used are pre-tax and reflect specific risks relating to the industry.

(b) Sensitivity to changes in assumptions

The management believes that changes in any of the above key assumptions would not cause the carrying value of the unit to materially differ from its recoverable amount.

17. INVESTMENTS IN SUBSIDIARIES

	Company 2011	2010
	HK$'000	*HK$'000*
Unlisted shares, at cost	2,497,740	2,491,704
Impairment#	(2,105)	(2,105)
	2,495,635	2,489,599
Due from subsidiaries	16,702	6,569
Impairment#	(6,569)	(6,569)
	10,133	–
Due to subsidiaries	(1,265)	(4,786)
	2,504,503	2,484,813

An impairment was recognised for certain investments in subsidiaries and amounts due from subsidiaries because these subsidiaries of the Company have been making losses.

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities, respectively, are unsecured, interest-free and repayable on demand.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Cosway M	Malaysia	RM155,000,000	100	–	Direct selling of consumer, household and skin care products
eCosway.com Sdn. Bhd.	Malaysia	RM5,000,000	40	60	Internet-based direct selling of consumer products
Cosway (HK) Limited	Hong Kong	HK$2,000,002	–	100	Direct selling of consumer, household and skin care products
eCosway Korea Inc.*	Korea	Korean Won ("KRW") 3,155,000,000	–	100	Direct selling of consumer, household and skin care products
Stephens Properties Sdn. Bhd.	Malaysia	RM18,280,000	–	100	Investment holding and property investment
Golden Works (M) Sdn. Bhd.	Malaysia	RM1,000,000	–	100	Property investment

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Cosway (Cayman) Limited	Cayman Islands	U$3,000,000	–	100	Investment holding
Cosway (China) Co. Ltd.*#	China	RMB15,040,000	–	100	Research, development and manufacturing of cleaning products and cosmetics; selling self-produced products; providing technical consultancy and technical service relating to self-produced products; engaging in the wholesale, import and export of the same
Cosway USA Inc.*	USA	USD5,000	–	100	Direct selling of consumer, household and skin care products
eCosway Japan K.K.*	Japan	YEN21,000,000	–	100	Direct selling of consumer, household and skin care products
Cosway Do Brasil Ltda.*	Brazil	Brazil Real 4,974,657	–	100	Dormant

* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.*

\# *Cosway (China) Co. Ltd. is registered as a wholly-foreign-owned enterprise under the relevant PRC law.*

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore, the above list contains only the particulars of subsidiaries which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

18. INVESTMENTS IN ASSOCIATES

	Group 2011 HK$'000	Group 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
Unlisted shares, at cost	–	–	8,200	8,200
Share of net assets	16,660	10,392	–	–
	16,660	10,392	8,200	8,200

Particulars of the associates are as follows:

Name	*Note*	**Particulars of issued shares held**	**Place of incorporation/ registration**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Coswin (M) Sdn. Bhd.	*(i)*	Ordinary shares of RM1 each	Malaysia	40	Trading of consumer products
Greenland Timber Industries (Private) Limited*		Ordinary shares of Singapore dollar 1.40 each	Singapore	20	Investment holding

Note:

(i) This associate is indirectly held by the Company through its direct interest in Cosway M.

* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.*

As disclosed in the consolidated statement of financial position, the Group has an outstanding balance due to its associate of HK$2,899,000 (2010: HK$2,262,000) as at the end of the reporting period. This balance is unsecured, interest-free and repayable on demand.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts:

	2011	**2010**
	HK$'000	*HK$'000*
Assets	105,523	77,825
Liabilities	(22,456)	(26,004)
Revenues	7,279	8,180
Profit	2,875	3,685

19. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Malaysian listed equity investments, at fair value	39	19
Club membership, at cost	274	256
Club debenture, at fair value	200	200
	513	475

	Company	
	2011	**2010**
	HK$'000	*HK$'000*
Club debenture, at fair value	200	200

The above listed investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate. The fair values of the listed equity investments are based on quoted market prices.

The club membership was stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of it in the near future.

The fair value of the club debenture is based on its open market price.

20. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

	Depreciation allowance in excess of related depreciation *HK$'000*	**Revaluation of properties** *HK$'000*	**Other provisions** *HK$'000*	**Total** *HK$'000*
At 1 May 2009	1,345	2,441	(952)	2,834
Deferred tax charged to the income statement during the year *(note 10)*	4,155	1,908	976	7,039
Acquisition of subsidiaries *(note 38)*	–	9,461	–	9,461
Exchange realignment	477	400	(40)	837
At 30 April 2010 and 1 May 2010	5,977	14,210	(16)	20,171
Deferred tax charged to the income statement during the year *(note 10)*	7,078	16,104	16	23,198
Deferred tax charged to equity during the year	–	20,000	–	20,000
Exchange realignment	808	1,642	–	2,450
At 30 April 2011	13,863	51,956	–	65,819

Deferred tax assets

Group

	Other provisions *HK$'000*	**Deferred income** *HK$'000*	**Losses available for offsetting against future taxable profits** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
At 1 May 2009	252	2,115	–	156	2,523
Deferred tax credited to the income statement during the year *(note 10)*	980	3,264	669	126	5,039
Exchange realignment	83	520	–	29	632
At 30 April 2010 and 1 May 2010	1,315	5,899	669	311	8,194
Deferred tax credited/(charged) to the income statement during the year *(note 10)*	(92)	12,611	3,657	1,137	17,313
Exchange realignment	76	1,072	–	97	1,245
At 30 April 2011	1,299	19,582	4,326	1,545	26,752

For presentation purpose, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

Group

	2011 *HK$'000*	**2010** *HK$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	22,426	7,525
Net deferred tax liabilities recognised in the consolidated statement of financial position	(61,493)	(19,502)
	(39,067)	(11,977)

Deferred tax liabilities

Company

	Revaluation of investment properties *HK$'000*
At 1 May 2009	1,865
Deferred tax charged to the income statement during the year	3,200
At 30 April 2010 and 1 May 2010	5,065
Deferred tax charged to the income statement during the year	3,657
At 30 April 2011	8,722

Deferred tax assets

Company

	Losses available for offsetting against future taxable profits *HK$'000*
At 1 May 2009	1,865
Deferred tax credited to the income statement during the year	3,200
At 30 April 2010 and 1 May 2010	5,065
Deferred tax credited to the income statement during the year	3,657
At 30 April 2011	8,722

For presentation purpose, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

Company

	2011 *HK$'000*	**2010** *HK$'000*
Net deferred tax liabilities recognised in the statement of financial position	–	–
Net deferred tax assets recognised in the statement of financial position	–	–
	–	–

At the end of the reporting period, the Group had tax losses of HK$149,650,000 (2010: HK$79,353,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Included in these tax losses, the availability of tax losses of certain foreign subsidiaries has an utilisation period of three to twenty years as pre-determined by the tax legislations of the respective countries. The Company had no tax losses at the end of the reporting period (2010: HK$19,394,000). Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Tax losses	149,650	79,353	–	19,394
Deductible temporary differences	10,716	10,591	–	–
	160,366	89,944	–	19,394

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

21. INVENTORIES

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Raw materials	4,728	2,644
Finished goods	890,565	579,245
	895,293	581,889

22. TRADE RECEIVABLES

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Trade receivables	97,104	105,128
Impairment	(31,278)	(25,566)
	65,826	79,562

	Company	
	2011	**2010**
	HK$'000	*HK$'000*
Trade receivables	5	29

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:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Current	56,325	59,090
1 to 2 months	855	1,426
2 to 3 months	4,056	1,852
Over 3 months	4,590	17,194
	65,826	79,562

	Company	
	2011	**2010**
	HK$'000	*HK$'000*
Within 1 month	5	29

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
At beginning of year	25,566	23,770
Impairment losses recognised, net *(note 7)*	3,997	2,539
Amount written off as uncollectible	(17)	(738)
Exchange realignment	1,732	(5)
At end of year	31,278	25,566

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables which have been fully provided for as at the end of the reporting period.

The individually impaired trade receivables relate to customers that were in default or were delinquent in principal payments and are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

There is no provision for impairment of trade receivables of the Company as at 30 April 2011 and 30 April 2010, and there is no movement in provision for impairment of trade receivables of the Company for the years ended 30 April 2011 and 30 April 2010.

The aged analysis of trade receivables that are not considered to be impaired is as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Neither past due nor impaired	36,833	44,251
Less than 1 month past due	19,607	14,899
1 to 2 months past due	832	1,336
2 to 3 months past due	4,000	2,082
Over 3 months past due	4,554	16,994
	65,826	79,562

	Company	
	2011	**2010**
	HK$'000	*HK$'000*
Less than 1 month past due	5	29

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group and the Company do not hold any collateral or other credit enhancements over these balances.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group			Company	
	30 April 2011	**30 April 2010**	**1 May 2009**	**30 April 2011**	**30 April 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	(Restated)		
Prepayments	37,558	10,480	23,359	312	146
Deposits	107,820	70,353	29,974	151	149
Other receivables	16,330	75,750	54,222	21	67
	161,708	156,583	107,555	484	362
Impairment	(2,744)	(45,147)	(40,549)	–	–
	158,964	111,436	67,006	484	362
Less: Deposits classified as non-current assets	(64,689)	(45,167)	(28,336)	–	–
Current portion	94,275	66,269	38,670	484	362

Included in the above provision for impairment of other receivables of the Group is a provision for individually impaired other receivables of HK$2,744,000 (2010: HK$45,147,000) with carrying amounts before impairment of HK$2,744,000 (2010: HK$52,337,000) as at 30 April 2011. The individually impaired other receivables relate to debtors that were in default or were delinquent in principal payments and are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The movements in provision for impairment of other receivables are as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
At beginning of year	45,147	40,549
Impairment losses reversed *(note 7)*	–	(3,956)
Amount written off as uncollectible	(43,356)	–
Exchange realignment	953	8,554
At end of year	2,744	45,147

24. BALANCES WITH HOLDING AND FORMER HOLDING COMPANIES

Except for the amount due to the former immediate holding company of HK$11,000 at 1 May 2009, which was interest-bearing at 1.9% per annum, the balances with holding and former holding companies were unsecured, interest-free and repayable on demand.

25. BALANCES WITH FELLOW SUBSIDIARIES/A FORMER RELATED COMPANY

Except for amounts due from certain fellow subsidiaries of HK$1,011,000 (2010: HK$876,000), which bear interest at rates ranging from 8.06% to 8.30% (2010: 7.87% to 8.00%) per annum, the balances with fellow subsidiaries are unsecured, interest-free and repayable on demand.

At 1 May 2009, an amount due to a former related company of the Company of HK$118,000 was repayable on the expiring of the lease term in relation to a lease arrangement entered into between the Company and that former related company. The Company's balance with that former related company was unsecured and interest-free.

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	198,401	127,446	7,335	412
Time deposits	17,175	8,835	–	–
	215,576	136,281	7,335	412
Less: Pledged time deposits for bank guarantees	(7,373)	(1,069)	–	–
Cash and cash equivalents	208,203	135,212	7,335	412

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

As at 30 April 2011, time deposits of HK$7,373,000 (2010: HK$1,069,000) were pledged to a bank for guarantee in lieu of rental deposits.

27. ASSET HELD FOR SALE

The balance as at 1 May 2009 represented the carrying amount of the freehold land owned by the Group that it intended to dispose of in the immediate future. The carrying amount of the asset immediately before reclassification was not materially different from its fair value.

On 30 March 2009, the Group announced the decision to dispose of the freehold land which was part of the Malaysian segment assets. The Group had decided to dispose of the freehold land because it was no longer relevant to its business needs. As at 1 May 2009, final negotiations for the sale were in progress and the freehold land was classified as an asset held for sale. The freehold land was disposed of on 11 August 2009 at a consideration of HK$22,677,000, with no gain or loss arising from the disposal.

28. 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:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Current	270,269	159,703
1 to 2 months	32,293	27,037
2 to 3 months	17,967	8,114
Over 3 months	67,914	65,661
	388,443	260,515

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

The Company had no trade payables at the end of the reporting period (2010: Nil).

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	126,711	78,264	502	653
Accruals	72,598	43,917	2,252	2,882
	199,309	122,181	2,754	3,535
Less: Other payables classified as non-current liabilities	(286)	(275)	(286)	(275)
Current portion	199,023	121,906	2,468	3,260

Other payables are non-interest-bearing. Except for rental deposit payables of the Group and the Company of HK$286,000 (2010: HK$275,000), which are included in the category of other payables classified as non-current liabilities, all other payables are expected to be settled within the next twelve months.

30. DEFINED BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit plan for all its qualifying employees in Malaysia. Under the plan, the employees are entitled to lump sum retirement benefits at 75% of the average monthly salary for each full year of service on attainment of a retirement age of 55.

The actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at 30 April 2011 by Actuarial Partners Consulting Sdn. Bhd., a member of the Actuarial Society of Malaysia, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period were as follows:

	2011	**2010**
	%	*%*
Discount rate	6.75	6.25
Expected rate of salary increases	6.00	6.00

The overall expected rate of return on plan assets is determined based on market expectations prevailing at the end of the reporting period, applicable to the period over which the obligations are to be settled.

The total expenses recognised in the consolidated income statement in respect of the plan are as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Current service cost	197	137
Interest cost	87	77
Amortisation of net loss	–	2
Net benefit expenses	284	216
Recognised in administrative expenses	284	216

The movements in the present value of the defined benefit obligations are as follows:

	2011	**2010**
	HK$'000	*HK$'000*
At beginning of year	1,394	1,037
Current service cost	197	137
Interest cost	87	77
Amortisation of net loss	–	2
Defined benefit paid	(70)	–
Exchange realignment	114	141
At end of year	1,722	1,394

	2011 *HK$'000*	2010 *HK$'000*
Analysed as:		
Current	89	41
Non-current:		
– Later than 1 year but not later than 2 years	31	102
– Later than 2 years but not later than 5 years	212	241
– Later than 5 years	1,390	1,010
	1,633	1,353
	1,722	1,394

There are no plan assets as the defined benefit plan is unfunded.

A reconciliation of the present value of the defined benefit obligations to the net value of assets and liabilities recognised in the consolidated statement of financial position is as follows:

	2011 *HK$'000*	2010 *HK$'000*
Present value of defined benefit obligations	1,636	1,548
Unrecognised net actuarial losses/(gains)	86	(154)
Net liabilities arising from defined benefit obligations	1,722	1,394

A five-year summary of the present values of the defined benefit obligations, the deficits in the plan and the experience adjustments arising on plan liabilities is as follows:

	2011 *HK$'000*	2010 *HK$'000*	2009 *HK$'000*	2008 *HK$'000*	2007 *HK$'000*
Present value of defined benefit obligations	1,636	1,548	1,174	1,108	713
Deficit in the plan	1,636	1,548	1,174	1,108	713
Experience adjustments on plan liabilities	(246)	154	137	159	–

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	30 April 2011			30 April 2010 (Restated)			1 May 2009		
	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000
Current									
Bank overdrafts – unsecured	Malaysia Banking Institution's Base Lending Rate ("BLR") +1.75	On demand	–	BLR + 1.75	On demand	28,989	BLR + 1.75	On demand	34,688
Bank loan – unsecured	Kuala Lumpur Interbank Offered Rate ("KLIBOR") +0.75 – 1.00	2011	56,119	KLIBOR + 0.75 – 1.00	2010	56,751	KLIBOR + 0.75 – 1.00	2009	23,234
Hire purchase contract payables – secured *(note 32)*	3.24 – 12.26	2011 – 2012	157	3.24 – 4.70	2010 – 2011	32	3.24 – 4.70	2009 – 2010	28
Bank loan – secured	Taiwan Reuters Primary Market Commercial Paper 90 Days Rate ("TRPMCPR") + 0.43	2012	799	TRPMCPR + 0.43	2011	728	BLR +2.00	2010	434
Bank loan – unsecured	Taiwan Banking Institution's Base Lending Rate ("TBLR") + 0.40	2011	2,684			–			–
Revolving credit – secured	Cost of Fund ("COF") + 2.00	2011	182,306	COF + 2.00	2011	70,603			–
Other bank loan – unsecured	(6-month USD Singapore Interbank Offered Rate ("SIBOR") + 1.06)/0.9445	2011	522			–			–
Bank loan – secured	Hong Kong dollar prime lending rate ("HKDPLR") – 0.50	On demand	6,165	HKDPLR – 0.50	On demand	6,345			–
			248,752			163,448			58,384

Group

	30 April 2011			30 April 2010 (Restated)			1 May 2009		
	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000
Non-current									
Hire purchase contract payables – secured *(note 32)*	3.24 – 12.26	2012 – 2013	73	3.24 – 4.70	2011	7	3.24 – 4.70	2010 – 2011	35
Bank loan – secured	TRPMCPR + 0.43	2012 – 2014	1,990	TRPMCPR + 0.43	2013	2,584	–		
Bank loan – unsecured	TBLR + 0.40	2012 – 2015	9,166			–			–
			11,229			2,591			35
			259,981			166,039			58,419

Company

	30 April 2011			30 April 2010 (Restated)			1 May 2009 (Restated)		
	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000
Current									
Bank loan – secured	HKDPLR – 0.50	On demand	6,165	HKDPLR – 0.50	On demand	6,345	HKDPLR – 0.50	On demand	6,525

	Group			Company		
	30 April 2011	30 April 2010	1 May 2009	30 April 2011	30 April 2010	1 May 2009
	HK$'000	*HK$'000* (Restated)	*HK$'000*	*HK$'000*	*HK$'000* (Restated)	*HK$'000* (Restated)
Analysed into:						
Bank loans and overdrafts repayable:						
Within one year or on demand	248,595	163,416	58,356	6,165	6,345	6,525
In the second year	3,494	–	–	–	–	–
In the third to fifth years, inclusive	3,509	2,584	–	–	–	–
Beyond five years	4,153	–	–	–	–	–
	259,751	166,000	58,356	6,165	6,345	6,525

	Group			Company		
	30 April 2011	30 April 2010	1 May 2009	30 April 2011	30 April 2010	1 May 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)			(Restated)	(Restated)
Other borrowings repayable:						
Within one year or on demand	157	32	28	–	–	–
In the second year	73	7	28	–	–	–
In the third to fifth years, inclusive	–	–	7	–	–	–
	230	39	63	–	–	–
	259,981	166,039	58,419	6,165	6,345	6,525

Notes:

(a) The Company's bank loan is secured, bears interest at the Hong Kong dollar prime lending rate of CITIC Ka Wah Bank Limited minus 0.5% per annum and is repayable by 194 monthly instalments commencing in October 1999.

(b) Certain of the Group's and the Company's bank and other borrowings are secured by:

(i) the pledge of the Group's and the Company's investment properties, which had aggregate carrying values at the end of the reporting period of approximately HK$231,284,000 (2010: HK$195,484,000) and HK$86,700,000 (2010: HK$65,233,000), respectively (note 15); and

(ii) the pledge of certain of the Group's land and buildings, which had an aggregate carrying value at the end of the reporting period of approximately HK$96,911,000 (2010: HK$14,293,000) (note 14).

(c) Except for certain bank loans denominated in Hong Kong dollars of HK$6,165,000 (2010: HK$6,345,000), all bank and other borrowings at the end of the reporting period were denominated in Ringgit Malaysia and New Taiwan dollars.

As further explained in notes 2.2(c) and 47 to the financial statements, due to the adoption of HK Interpretation 5 in the current year, the Group's and the Company's interest-bearing bank borrowing in the amount of HK$6,165,000 (2010: HK$6,345,000) containing on demand clauses has been reclassified as a current liability. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the loans, the amount repayable in respect of the loans are: within one year or on demand HK$242,610,000 (2010: HK$157,251,000); in the second year HK$3,674,000 (2010: HK$180,000); in the third to fifth years, inclusive HK$9,314,000 (2010: HK$3,124,000) and beyond five years HK$4,153,000 (2010: HK$5,445,000).

32. HIRE PURCHASE CONTRACT PAYABLES

The Group leases certain of its plant and machinery for its direct selling business. These leases are classified as finance leases and have remaining lease terms ranging from one to two years.

At the end of the reporting period, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments 2011	Minimum lease payments 2010	Present value of minimum lease payments 2011	Present value of minimum lease payments 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
Within one year	194	36	157	32
In the second year	86	10	73	7
Total minimum finance lease payments	280	46	230	39
Future finance charges	(50)	(7)		
Total net finance lease payables	230	39		
Portion classified as current liabilities *(note 31)*	(157)	(32)		
Non-current portion *(note 31)*	73	7		

33. LOAN FROM A SHAREHOLDER

The loan from a shareholder is unsecured, bears interest at 3% per annum above the Hong Kong dollar prime lending rate of the Hongkong and Shanghai Banking Corporation Limited and is not repayable within the next twelve months.

	Group and Company 2011	2010
	HK$'000	*HK$'000*
Loan from a shareholder	12,230	11,840

34. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES

On 8 December 2009, the Company issued 10-year ICULS with a principal sum of HK$2,190,000,000. The ICULS are convertible, at the option of the ICULS Holders, into ordinary shares at any time until the maturity date on the basis of one ordinary share for every HK$0.20 ICULS held. The ICULS carry interest at a rate of 1% per annum for the first and the second year and 3.5% per annum subsequently; which is payable half-yearly in arrears on 7 June and 7 December.

On issuance of ICULS, the fair value of the liability component is the present value of the future interest payments to the ICULS Holders discounted at the effective interest rate of 9.61% per annum. The residual amount is assigned as the equity component and is included in shareholders' equity.

During the year ended 30 April 2011, ICULS with a principal sum of HK$550,615,766 (2010: HK$60,000,000) were converted into 2,753,078,830 (2010: 300,000,000) ordinary shares of HK$0.20 each of the Company (note 35).

As at 30 April 2011, ICULS with an aggregate principal amount of HK$1,579,384,234 remained outstanding. Upon full conversion, the ICULS shall be converted into 7,896,921,170 ordinary shares of the Company.

The ICULS issued in the prior year were split into the liability and equity components, as follows:

Group and Company

	Liability component of the ICULS	Equity component of the ICULS	Total
	HK$'000	*HK$'000*	*HK$'000*
Issuance on 8 December 2009	388,279	1,801,721	2,190,000
Interest expense	14,336	–	14,336
Conversion of ICULS	(10,784)	(49,216)	(60,000)
At 30 April 2010 and 1 May 2010	391,831	1,752,505	2,144,336
Interest expense	32,417	–	32,417
Interest paid	(18,960)	–	(18,960)
Conversion of ICULS	(102,397)	(452,991)	(555,388)
At 30 April 2011	302,891	1,299,514	1,602,405

35. SHARE CAPITAL

	Group Issued capital
	HK$'000
At 1 May 2009	332,861
Acquisition of subsidiaries	118,039
Acquisition of non-controlling interests	6,500
Loan capitalisation	36,000
Conversion of ICULS	60,000
At 30 April 2010 and 1 May 2010	553,400
Conversion of ICULS	550,616
At 30 April 2011	1,104,016

(a) Issued capital of the Group

Due to the application of the reverse acquisition basis of accounting, the issued capital of the Group represents the issued capital of the legal subsidiary, Cosway M, immediately before the Acquisition of HK$332,861,000, the deemed cost of acquisition of the CCL Group of HK$118,039,000 (note 38(c)), the issuances of new shares for the acquisition of non-controlling interests and loan capitalisation as described in note (iii) and note (iv) below of HK$6,500,000 and HK$36,000,000, respectively, and the conversion of the ICULS as described in notes (v) and (vi) below of HK$60,000,000 and HK$550,616,000, respectively.

The equity structure, being the number and type of shares, reflects the equity structure of the Company as the legal parent.

(b) Share capital of the Company

	Number of shares *(in thousand)*	Nominal value *HK$'000*
Authorised:		
Ordinary shares of HK$0.20 each at 1 May 2009	1,250,000	250,000
Increase in authorised share capital *(note (i))*	18,750,000	3,750,000
Ordinary shares of HK$0.20 each at 30 April 2010 and 2011	20,000,000	4,000,000
Issued and fully paid:		
Ordinary shares of HK$0.20 each at 1 May 2009	591,048	118,210
Issue of shares for the Acquisition *(note (ii))*	858,185	171,636
Issue of shares for acquisition of non-controlling interests *(note (iii))*	32,499	6,500
Loan capitalisation *(note (iv))*	180,000	36,000
Conversion of ICULS *(note (v))*	300,000	60,000
Ordinary shares of HK$0.20 each at 30 April 2010 and 1 May 2010	1,961,732	392,346
Conversion of ICULS *(note (vi))*	2,753,079	550,616
Ordinary shares of HK$0.20 each at 30 April 2011	4,714,811	942,962

During the years ended 30 April 2011 and 30 April 2010, the movements in share capital were as follows:

(i) Pursuant to an ordinary resolution passed on 23 November 2009, the authorised share capital of the Company was increased from HK$250,000,000 to HK$4,000,000,000 by the creation of 18,750,000,000 additional shares of HK$0.20 each, ranking pari passu in all aspects with the existing shares of the Company.

(ii) On 8 December 2009, 858,185,074 ordinary shares of HK$0.20 each were issued at HK$0.20 as part of the consideration of the Acquisition. Details of the Acquisition are set out in note 2.1 to the financial statements.

(iii) On 8 December 2009, 32,498,592 ordinary shares of HK$0.20 each were issued at HK$0.20 as part of the consideration of the acquisition of non-controlling interests of eCosway. Details of this acquisition are set out in note 2.1 to the financial statements.

(iv) On 8 December 2009, 180,000,000 ordinary shares of HK$0.20 each were issued for settlement of a loan from a shareholder of HK$36,000,000.

(v) On 13 April 2010, 300,000,000 ordinary shares of HK$0.20 each were issued upon the conversion of ICULS, amounting to HK$60,000,000, at a conversion price of HK$0.20 each.

(vi) During the year ended 30 April 2011, 2,753,078,830 ordinary shares of HK$0.20 each were issued upon the conversion of ICULS, amounting to HK$550,615,766, at a conversion price of HK$0.20 each.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 36 to the financial statements.

36. SHARE OPTION SCHEME

Pursuant to an ordinary resolution of the shareholders of the Company dated 23 November 2009, a share option scheme (the "Scheme") was approved and adopted for the purpose of providing incentives and rewards to eligible participants, including executive directors, non-executive directors, independent non-executive directors, employees and any shareholder of any member of the Group for their contribution to the Group. The Scheme became effective on 29 January 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares in respect of which share options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders and/or specially identified by the Board. The shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 7 business days from the date of offer, upon payment of a consideration of HK$1 in total by the grantee. The exercise price shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

	2011	
	Weighted average exercise price	**Number of options**
	HK$ per share	*'000*
Granted during the year	1.10	17,625
Forfeited during the year	1.10	(375)
At 30 April 2011	1.10	17,250

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2011

Number of options	**Exercise price***	**Exercise period**
'000	*HK$ per share*	
17,250	1.10	6 May 2010 – 5 May 2020

* *The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.*

The fair value of the share options granted during the year was HK$12,513,000 (HK$0.71 each) of which the Group recognised a share option expense of HK$11,199,000 during the year ended 30 April 2011.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2011
Expected dividend yield *(%)*	0.00
Expected volatility *(%)*	105.00
Average risk-free interest rate *(%)*	2.56
Early exercise behaviour	310% of the exercise price
Rate of leaving service after the share options are vested *(%)*	1.50

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

No share options were exercised during the year ended 30 April 2011.

At the end of the reporting period, the Company had 17,250,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 17,250,000 additional ordinary shares of the Company amounting to share capital of HK$3,450,000 and share premium of HK$15,525,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 17,250,000 share options outstanding under the Scheme, which represented approximately 0.37% of the Company's shares in issue as at that date.

37. RESERVES

(a) Group

(i) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(ii) In accordance with the provisions of the Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer a minimum of 25% of the annual net profit to a legal reserve until that reserve equals 50% of its initial capital. This reserve is not distributable to the shareholders.

(b) Company

	Share premium account *HK$'000*	**Share option reserve** *HK$'000*	**Retained profits/ (accumulated losses)** *HK$'000*	**Total** *HK$'000*
Balance at 1 May 2009	12,282	–	(109,721)	(97,439)
Total comprehensive income for the year	–	–	171,063	171,063
At 30 April 2010 and 1 May 2010	12,282	–	61,342	73,624
Total comprehensive income for the year	–	–	8,528	8,528
Equity-settled share option arrangements	–	11,199	–	11,199
Forfeiture of share options	–	(238)	238	–
Conversion of ICULS	–	–	4,772	4,772
Final 2010 dividend paid *(note 12)*	–	–	(52,424)	(52,424)
At 30 April 2011	12,282	10,961	22,456	45,699

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

38. BUSINESS COMBINATIONS

(a) On 4 February 2011, the Group acquired a 95% equity interest in PT Berjaya Cosway Indonesia ("Cosway Indonesia"), a company incorporated in Indonesia and engaged in direct selling business, for a total consideration of HK$22,141,000. The acquisition was made as part of the Group's strategy to expand its market share of direct selling business in Indonesia.

The fair values of the identifiable assets and liabilities of Cosway Indonesia as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK$'000
Property, plant and equipment	7,909
Inventories	21,208
Trade receivables	2,874
Prepayments, deposits and other receivables	8,616
Cash and bank balances	10,422
Trade payables	(21,683)
Other payables	(6,909)
Hire purchase contract payables	(296)
Total identifiable net assets at fair value	22,141
Goodwill	–
Satisfied by:	
Set-off against trade receivables due from Cosway Indonesia	8,036
Set-off against other receivables due from Cosway Indonesia	14,105
	22,141

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	–
Cash and bank balances acquired	10,422
Net inflow of cash and cash equivalents included in cash flows from investing activities	10,422

Since its acquisition, the contributions by Cosway Indonesia to the Group's revenue and consolidated profit for the year ended 30 April 2011 were insignificant.

Had the combination taken place at the beginning of the year ended 30 April 2011, there would have been no material change to the revenue and the consolidated profit of the Group for the year.

(b) On 17 June 2010, the Group acquired a 100% equity interest in Cosway (Guangzhou) Cosmetic Manufacture Co ("CCM"), a company incorporated in the People's Republic of China ("PRC") for a total cash consideration of HK$11,328,000.

The fair values of the identifiable assets and liabilities of CCM as at the date of acquisition were as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment	1,843
Inventories	50
Trade receivables	296
Cash and bank balances	117
Other payables	(557)
Total identifiable net assets at fair value	1,749
Goodwill	9,579
Satisfied by cash	11,328

The fair value and gross contractual amount of the trade receivables as at the date of acquisition amounted to HK$296,000.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	(11,328)
Cash and bank balances acquired	117
Net outflow of cash and cash equivalents included in cash flows from investing activities	(11,211)

Since its acquisition, the contributions by CCM to the Group's revenue and consolidated profit for the year ended 30 April 2011 were insignificant.

Had the combination taken place at the beginning of the year ended 30 April 2011, there would have been no material change to the revenue and the consolidated profit of the Group for the year.

(c) As mentioned in note 2.1 above, on 8 December 2009, the Company acquired the Cosway M Group, which was treated as the acquirer for accounting purpose in the business combination under HKFRS 3. Reverse acquisition accounting has been adopted to account for the Acquisition, and accordingly these consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Cosway M Group, and the results of the CCL Group have been consolidated since the completion date of the Acquisition.

Details of the net assets of the CCL Group assumed and goodwill arising from the Acquisition are as follows:

	HK$'000
Purchase consideration:	
Consideration deemed to have been paid by the Cosway M Group *(note (i))*	118,039
Direct cost relating to the Acquisition	17,478
Total purchase consideration	135,517
Less: Fair value of net assets acquired *(note (ii))*	(29,204)
Goodwill	106,313

Notes:

(i) The fair value of the consideration deemed to have been paid by the Cosway M Group was based on the fair value of the equity instruments deemed to have been issued by the Cosway M Group for the acquisition of the CCL Group.

(ii) The separately identifiable assets and liabilities of the CCL Group as at the completion date of the Acquisition were as follows:

	Fair value recognised on acquisition *HK$'000*	**Previous carrying amount** *HK$'000*
Property, plant and equipment	278	278
Investment properties	64,799	64,799
Investment in an associate	7,129	7,129
Available-for-sale investments	200	200
Cash and bank balances	255	255
Prepayments, deposits and other receivables	5,550	5,550
Interest-bearing bank borrowings	(6,420)	(6,420)
Other payables and accruals	(902)	(902)
Loan from a shareholder	(36,703)	(36,703)
	34,186	34,186
Non-controlling interests	(4,982)	
	29,204	

	HK$'000
Cash consideration	(101,962)
Direct cost relating to the Acquisition paid	(8,968)
Cash and bank balances acquired	255
Net outflow of cash and cash equivalents in respect of the Acquisition	(110,675)

Since its acquisition, the CCL Group contributed a loss of HK$16,185,000 to the consolidated profit for the year ended 30 April 2010.

Had the combination taken place at the beginning of the year ended 30 April 2010, the profit of the Group for that year would have been HK$236,131,000.

(d) On 1 May 2009, Cosway M acquired a 90% equity interest in Golden Works (M) Sdn. Bhd. ("GWSB"), a company incorporated in Malaysia and engaged in property investment, for a total cash consideration of HK$47,548,000. On 8 June 2009, Cosway M acquired the remaining 10% equity interest in GWSB for a total cash consideration of HK$5,965,000. The relevant sale and purchase agreements were completed on 29 May 2009 and 8 June 2009, respectively.

The fair values of the identifiable assets and liabilities of GWSB as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on acquisition	**Previous carrying amount**
	HK$'000	*HK$'000*
Property, plant and equipment	17	17
Investment properties	61,352	61,352
Trade receivables	178	178
Prepayments, deposits and other receivables	131	131
Cash and bank balances	1,220	1,220
Other payables	(1,278)	(1,278)
Tax payable	(15)	(15)
Deferred tax liabilities	(9,461)	(9,461)
	52,144	52,144
Non-controlling interests	(5,217)	
	46,927	
Goodwill	621	
Satisfied by:		
Cash	38,038	
Deposits paid for the acquisition	9,510	
	47,548	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the subsidiary is as follows:

	HK$'000
Cash consideration	(38,038)
Cash and bank balances acquired	1,220
Net outflow of cash and cash equivalents in respect of the acquisition of the subsidiary	(36,818)

Since its acquisition, GWSB contributed HK$3,646,000 to the consolidated profit for the year ended 30 April 2010.

Had the combination taken place at the beginning of the year ended 30 April 2010, there would have been no material change to the revenue and the consolidated profit of the Group for that year.

39. MAJOR NON-CASH TRANSACTIONS

(i) Interest expenses paid to a shareholder of HK$908,000 (2010: HK$318,000) were settled through the loan balance with the shareholder.

(ii) During the year ended 30 April 2010, the Group utilised a deposit of HK$9,510,000 for the acquisition of a subsidiary.

(iii) During the year ended 30 April 2011, the Group utilised its trade receivables and other receivables due from Cosway Indonesia of HK$8,036,000 and HK$14,105,000, respectively, for the acquisition of Cosway Indonesia.

40. 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 defence against the allegation and, accordingly, have not provided for any claim, other than the related legal and other costs.

41. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and the Company lease their investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 April 2011, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group		**Company**	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	11,820	4,167	1,462	1,375
In the second to fifth years, inclusive	5,471	913	902	368
	17,291	5,080	2,364	1,743

(b) As lessee

The Group and the Company lease certain of its office properties and office equipment under operating lease arrangements. Leases for offices and retail shops are negotiated for terms ranging from one to seven years, and those for office equipment are for terms ranging between two and five years.

At 30 April 2011, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	113,127	68,345	79	157
In the second to fifth years, inclusive	99,958	42,156	–	37
After five years	3,536	–	–	–
	216,621	110,501	79	194

The operating lease rentals of certain retail shops are based on the sales of those shops. In the opinion of the directors, as the future sales of those retail shops could not be accurately estimated, the relevant rental commitments have not been included above.

42. COMMITMENTS

In addition to the operating lease commitments detailed in note 41 above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property, plant and equipment	27,082	–
Others	1,709	–
	28,791	–
Authorised, but not contracted for:		
Property, plant and equipment	693	–
	29,484	–

At the end of the reporting period, the Company did not have any significant commitments.

43. PLEDGE OF ASSETS

Details of the Group's and the Company's banking facilities which are secured by the assets of the Group and the Company, are included in notes 14, 15, 26 and 31 to the financial statements.

44. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		Group	
		2011	**2010**
	Notes	*HK$'000*	*HK$'000*
Sales of goods to fellow subsidiaries	*(i)*	2,600	2,221
Leasing of aircraft from a fellow subsidiary	*(ii)*	2,388	2,163
Service fees paid to fellow subsidiaries	*(iii)*	25,452	12,146
Purchases of goods from fellow subsidiaries	*(iv)*	8,961	8,062
Rental expenses paid to related companies	*(v)*	2,115	1,838

Notes:

(i) Pursuant to the supply of goods agreements signed with fellow subsidiaries, the sales of goods were conducted based on normal commercial terms agreed between the relevant parties.

(ii) Pursuant to the leasing agreement signed with a fellow subsidiary, the lease of aircrafts was conducted based on normal commercial terms agreed between the relevant parties.

(iii) Pursuant to the supply of services agreements signed with fellow subsidiaries, including advertising services, mailing services, printing services, courier services, insurance services, guard services and logistic and transportation services, the arrangements were made based on normal commercial terms agreed between the relevant parties.

(iv) Pursuant to the supply of goods agreements signed with fellow subsidiaries, the purchases of goods were conducted based on normal commercial terms agreed between the relevant parties.

(v) During the year, the Group leased certain premises from two related companies. The major shareholder of one of the related companies is also the major shareholder of BCorp, the Group's ultimate holding company and the other related company is an associate of BCorp. Pursuant to the leasing agreements signed with these related companies, the lease of related companies' premises were conducted based on normal commercial terms agreed between the relevant parties.

(b) Outstanding balances with related parties:

(i) Details of the Group's balances with holding companies and a shareholder are included in notes 24 and 33 to the financial statements, respectively.

(ii) Details of the Group's balances with fellow subsidiaries and the Company's balance with a former related company are included in note 25 to the financial statements.

(c) Compensation of key management personnel of the Group:

	2011	2010
	HK$'000	*HK$'000*
Short term employee benefits	14,357	2,436
Post-employment benefits	1,449	144
Equity-settled share option expenses	5,163	–
Total compensation paid to key management personnel	20,969	2,580

Further details of directors' emoluments are included in note 8 to the financial statements.

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

Group
2011
Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investments	–	513	513
Trade receivables	65,826	–	65,826
Financial assets included in prepayments, deposits and other receivables *(note 23)*	121,406	–	121,406
Due from fellow subsidiaries	1,911	–	1,911
Pledged deposits	7,373	–	7,373
Cash and cash equivalents	208,203	–	208,203
	404,719	513	405,232

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Trade payables	388,443
Financial liabilities included in other payables and accruals *(note 29)*	126,711
Interest-bearing bank and other borrowings	259,981
Due to an associate	2,899
Due to fellow subsidiaries	3,006
Loan from a shareholder	12,230
ICULS – liability component	302,891
	1,096,161

Group
2010
Financial assets

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Available-for-sale investments	–	475	475
Trade receivables	79,562	–	79,562
Financial assets included in prepayments, deposits and other receivables *(note 23)*	100,956	–	100,956
Due from fellow subsidiaries	1,529	–	1,529
Pledged deposits	1,069	–	1,069
Cash and cash equivalents	135,212	–	135,212
	318,328	475	318,803

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Trade payables	260,515
Financial liabilities included in other payables and accruals *(note 29)*	78,264
Interest-bearing bank and other borrowings	166,039
Due to an associate	2,262
Due to fellow subsidiaries	1,040
Loan from a shareholder	11,840
ICULS – liability component	391,831
	911,791

Company
2011
Financial assets

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Available-for-sale investments	–	200	200
Due from a subsidiary	10,133	–	10,133
Trade receivables	5	–	5
Financial assets included in prepayments, deposits and other receivables *(note 23)*	172	–	172
Cash and cash equivalents	7,335	–	7,335
	17,645	200	17,845

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in other payables and accruals *(note 29)*	502
Due to subsidiaries	1,265
Interest-bearing bank borrowings	6,165
Loan from a shareholder	12,230
ICULS – liability component	302,891
	323,053

Company
2010
Financial assets

	Loans and receivables	**Available-for-sale financial assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investments	–	200	200
Trade receivables	29	–	29
Dividend receivable	70,303	–	70,303
Financial assets included in prepayments, deposits and other receivables *(note 23)*	216	–	216
Cash and cash equivalents	412	–	412
	70,960	200	71,160

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in other payables and accruals *(note 29)*	653
Due to subsidiaries	4,786
Interest-bearing bank borrowings	6,345
Loan from a shareholder	11,840
ICULS – liability component	391,831
	415,455

46. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amounts		Fair values	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Cash and cash equivalents	208,203	135,212	208,203	135,212
Pledged deposits	7,373	1,069	7,373	1,069
Trade receivables	65,826	79,562	65,826	79,562
Financial assets included in prepayments, deposits and other receivables *(note 23)*	121,406	100,956	121,406	100,956
Available-for-sale investments	513	475	513	475
Due from fellow subsidiaries	1,911	1,529	1,911	1,529
	405,232	318,803	405,232	318,803
Financial liabilities				
Trade payables	388,443	260,515	388,443	260,515
Financial liabilities included in other payables and accruals *(note 29)*	126,711	78,264	126,711	78,264
Interest-bearing bank and other borrowings	259,981	166,039	259,981	166,039
Due to an associate	2,899	2,262	2,899	2,262
Due to fellow subsidiaries	3,006	1,040	3,006	1,040
Loan from a shareholder	12,230	11,840	12,230	11,840
ICULS – liability component	302,891	391,831	310,729	391,831
	1,096,161	911,791	1,103,999	911,791

Company

	Carrying amounts		Fair values	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Cash and cash equivalents	7,335	412	7,335	412
Due from a subsidiary	10,133	–	10,133	–
Trade receivables	5	29	5	29
Financial assets included in prepayments, deposits and other receivables *(note 23)*	172	216	172	216
Dividend receivable	–	70,303	–	70,303
Available-for-sale investments	200	200	200	200
	17,845	71,160	17,845	71,160
Financial liabilities				
Due to subsidiaries	1,265	4,786	1,265	4,786
Financial liabilities included in other payables and accruals *(note 29)*	502	653	502	653
Interest-bearing bank borrowings	6,165	6,345	6,165	6,345
Loan from a shareholder	12,230	11,840	12,230	11,840
ICULS – liability component	302,891	391,831	310,729	391,831
	323,053	415,455	330,891	415,455

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, pledged deposits, trade receivables, trade payables, dividend receivable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to fellow subsidiaries, amounts due from/to subsidiaries, an amount due to an associate, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of non-current portion of interest-bearing bank and other borrowings, and a loan from a shareholder have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The fair value of the liability portion of the ICULS has been calculated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond.

The fair values of listed equity investments are based on quoted market prices.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Group

Assets measured at fair value as at 30 April 2011:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments:				
Equity investments	39	–	–	39
Debt investments	200	–	–	200
	239	–	–	239

Assets measured at fair value as at 30 April 2010:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments:				
Equity investments	19	–	–	19
Debt investments	200	–	–	200
	219	–	–	219

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2010: Nil).

Company

Assets measured at fair value as at 30 April 2011:

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments:				
Debt investments	200	–	–	200

Assets measured at fair value as at 30 April 2010:

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments:				
Debt investments	200	–	–	200

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2010: Nil).

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise interest-bearing bank and other borrowings, ICULS, cash and bank balances and balances with group companies. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risk arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings) and the Group's and the Company's equity.

Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2011			
Ringgit Malaysia	100	(2,378)	–
Hong Kong dollar	100	(63)	–
Ringgit Malaysia	(100)	2,378	–
Hong Kong dollar	(100)	63	–
2010			
Ringgit Malaysia	100	(1,563)	–
Hong Kong dollar	100	(182)	–
Ringgit Malaysia	(100)	1,563	–
Hong Kong dollar	(100)	182	–

* *Excluding retained profits*

Company

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2011			
Hong Kong dollar	100	(63)	–
Hong Kong dollar	(100)	63	–
2010			
Hong Kong dollar	100	(182)	–
Hong Kong dollar	(100)	182	–

* *Excluding retained profits*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity. There is no impact on the Company's profit before tax and equity.

	Change in exchange rates	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	%	*HK$'000*	*HK$'000*
2011			
If Hong Kong dollar weakens against New Taiwan dollar	5	(250)	–
If Hong Kong dollar weakens against Brunei dollar	5	322	–
If Hong Kong dollar weakens against Singapore dollar	5	322	–
If Hong Kong dollar weakens against Renminbi	5	12	–
If Hong Kong dollar weakens against Indonesian Rupiah	5	26	–
If Hong Kong dollar weakens against Swiss Franc	5	(113)	–
If Hong Kong dollar strengthens against New Taiwan dollar	5	250	–
If Hong Kong dollar strengthens against Brunei dollar	5	(322)	–
If Hong Kong dollar strengthens against Singapore dollar	5	(322)	–
If Hong Kong dollar strengthens against Renminbi	5	(12)	–
If Hong Kong dollar strengthens against Indonesian Rupiah	5	(26)	–
If Hong Kong dollar strengthens against Swiss Franc	5	113	–

* *Excluding retained profits*

	Change in exchange rates %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2010			
If Hong Kong dollar weakens against New Taiwan dollar	5	(77)	–
If Hong Kong dollar weakens against Brunei dollar	5	134	–
If Hong Kong dollar weakens against Singapore dollar	5	250	–
If Hong Kong dollar weakens against Renminbi	5	10	–
If Hong Kong dollar weakens against Indonesian Rupiah	5	473	–
If Hong Kong dollar weakens against Swiss Franc	5	(23)	–
If Hong Kong dollar strengthens against New Taiwan dollar	5	77	–
If Hong Kong dollar strengthens against Brunei dollar	5	(134)	–
If Hong Kong dollar strengthens against Singapore dollar	5	(250)	–
If Hong Kong dollar strengthens against Renminbi	5	(10)	–
If Hong Kong dollar strengthens against Indonesian Rupiah	5	(473)	–
If Hong Kong dollar strengthens against Swiss Franc	5	23	–

* *Excluding retained profits*

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy customers, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

			2011		
	On demand	**Within 1 year**	**More than 1 year but less than 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	388,443	–	–	388,443
Financial liabilities included in other payables and accruals *(note 29)*	–	126,711	–	–	126,711
Interest-bearing bank and other borrowings	6,165	242,964	11,790	–	260,919
Due to an associate	2,899	–	–	–	2,899
Due to fellow subsidiaries	3,006	–	–	–	3,006
Loan from a shareholder	–	–	12,230	–	12,230
ICULS (interest payments)	–	15,794	221,114	221,114	458,022
	12,070	773,912	245,134	221,114	1,252,230

			2010		
	On demand	**Within 1 year**	**More than 1 year but less than 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Restated)	
Trade payables	–	260,515	–	–	260,515
Financial liabilities included in other payables and accruals *(note 29)*	–	78,264	–	–	78,264
Interest-bearing bank and other borrowings	6,345	157,455	2,663	–	166,463
Due to an associate	2,262	–	–	–	2,262
Due to fellow subsidiaries	1,040	–	–	–	1,040
Loan from a shareholder	–	–	11,840	–	11,840
ICULS (interest payments)	–	21,300	267,138	341,688	630,126
	9,647	517,534	281,641	341,688	1,150,510

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Company

			2011		
	On demand	**Within 1 year**	**More than 1 year but less than 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank borrowings	6,165	–	–	–	6,165
Other payables *(note 29)*	–	216	286	–	502
Due to subsidiaries	1,265	–	–	–	1,265
Loan from a shareholder	–	–	12,230	–	12,230
ICULS (interest payments)	–	15,794	221,114	221,114	458,022
	7,430	16,010	233,630	221,114	478,184

			2010		
	On demand	**Within 1 year**	**More than 1 year but less than 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Restated)	
Interest-bearing bank borrowings	6,345	–	–	–	6,345
Other payables *(note 29)*	–	378	275	–	653
Due to subsidiaries	4,786	–	–	–	4,786
Loan from a shareholder	–	–	11,840	–	11,840
ICULS (interest payments)	–	21,300	267,138	341,688	630,126
	11,131	21,678	279,253	341,688	653,750

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 April 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by the equity attributable to owners of the parent plus net debt. Net debt includes interest-bearing bank borrowings less cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

Group

	2011	**2010**
	HK$'000	*HK$'000*
Interest-bearing bank borrowings	259,751	166,000
Less: Cash and cash equivalents	(208,203)	(135,212)
Net debt	51,548	30,788
Equity attributable to owners of the parent	1,065,389	649,463
Capital and net debt	1,116,937	680,251
Gearing ratio	4.6%	4.5%

48. EVENTS AFTER THE REPORTING PERIOD

(a) On 15 July 2011, the Company, as guarantor, entered into a facility agreement with a bank relating to a 5 years term loan facility of up to RM100,000,000 (equivalent to HK$261,370,000) granted to a subsidiary.

(b) On 18 July 2011, the Company announced that CCB, the controlling shareholder of the Company, is considering the privatisation of the Company which may 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. Further details of the Possible Privatisation are set out in the Company's announcement dated 18 July 2011.

49. COMPARATIVE AMOUNTS

As further explained in notes 2.2 to the financial statements, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 May 2009 has been presented.

50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 July 2011.

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CCL GROUP FOR THE SIX MONTHS ENDED 31 OCTOBER 2011

Set out below are the unaudited consolidated financial statements of the CCL Group for the six months ended 31 October 2011, together with the notes thereto, which have been extracted from the interim report of the CCL Group for the six months ended 31 October 2011. Unless the context otherwise requires, capitalised terms used therein shall have the same meanings as defined in the interim report of CCL for the six months ended 31 October 2011.

The summary consolidated income statement for the CCL Group for the six months ended 31 October 2011 set out below does not contain any extraordinary items or exceptional items because of size, nature or incidence.

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	*11*	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

There was no payment of dividend for the six months ended 31 October 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 October 2011

	Unaudited Six months ended 31 October 2011 HK$'000	2010 HK$'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	*10*	399,533	388,961
Investment properties	*11*	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	*12*	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	*13*	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	*14*	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

	Notes	As at 31 October 2011 HK$'000 (Unaudited)	As at 30 April 2011 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Defined benefit obligations		1,401	1,633
Interest-bearing bank and other borrowings	14	9,780	11,229
Loan from a shareholder		12,714	12,230
Irredeemable convertible unsecured loan securities	15	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	15	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 31 October 2011

	Attributable to owners of the parent												
	Issued capital	Exchange fluctuation reserve	Capital reserve	Available-for-sale investment revaluation reserve	Asset revaluation reserve	Share option reserve	Reverse acquisition reserve	Equity component of irredeemable convertible unsecured loan securities	Reserve funds	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2011	1,104,016	67,779*	2,984*	2,375*	38,821*	10,917*	(2,058,762)*	1,299,514	50*	597,695*	1,065,389	14,467	1,079,856
Profit for the period	–	–	–	–	–	–	–	–	–	151,744	151,744	943	152,687
Other comprehensive income for the period:													
Change in fair value of available-for-sale investments, net of tax	–	–	–	(1,732)	–	–	–	–	–	–	(1,732)	–	(1,732)
Exchange differences on translation of foreign operations	–	(62,277)	–	–	–	–	–	–	–	–	(62,277)	(731)	(63,008)
Total comprehensive income for the period	–	(62,277)	–	(1,732)	–	–	–	–	–	151,744	87,735	212	87,947
Forfeiture of share options	–	–	–	–	–	(159)	–	–	–	159	–	–	–
At 31 October 2011	1,104,016	5,502*	2,984*	643*	38,821*	10,758*	(2,058,762)*	1,299,514	50*	749,598*	1,153,124	14,679	1,167,803

* These reserve accounts comprise the consolidated negative reserves of HK$1,250,406,000 (30 April 2011: HK$1,338,141,000) in the consolidated statement of financial position.

	Attributable to owners of the parent										
	Issued capital	Exchange fluctuation reserve	Capital reserve	Available-for-sale investment revaluation reserve	Share option reserve	Reverse acquisition reserve	Equity component of irredeemable convertible unsecured loan securities	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2010	553,400	25,388	2,984	(2,542)	–	(2,058,762)	1,752,505	376,490	649,463	12,171	661,634
Profit for the period	–	–	–	–	–	–	–	112,474	112,474	1,209	113,683
Other comprehensive income for the period:											
Change in fair value of available-for-sale investments, net of tax	–	–	–	767	–	–	–	–	767	–	767
Exchange differences on translation of foreign operations	–	9,836	–	–	–	–	–	–	9,836	264	10,100
Total comprehensive income for the period	–	9,836	–	767	–	–	–	112,474	123,077	1,473	124,550
Conversion of irredeemable convertible unsecured loan securities	466,646	–	–	–	–	–	(383,909)	–	82,737	–	82,737
Equity settled share option arrangement	–	–	–	–	11,199	–	–	–	11,199	–	11,199
Forfeiture of share options	–	–	–	–	(159)	–	–	159	–	–	–
Final 2010 dividend paid	–	–	–	–	–	–	–	(52,424)	(52,424)	–	(52,424)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(198)	(198)
At 31 October 2010	1,020,046	35,224	2,984	(1,775)	11,040	(2,058,762)	1,368,596	436,699	814,052	13,446	827,498

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Six months ended 31 October 2011

	Unaudited Six months ended 31 October 2011 HK$'000	2010 HK$'000
Net cash flows from operating activities	8,102	65,968
Net cash flows used in investing activities	(85,937)	(77,548)
Net cash flows from financing activities	49,786	29,717
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(28,049)	18,137
Effect on foreign exchange rate changes, net	(8,705)	(5,287)
Cash and cash equivalents at beginning of period	215,576	107,292
CASH AND CASH EQUIVALENTS AT END OF PERIOD	178,822	120,142
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	172,601	160,961
Non-pledged time deposits with original maturity of less than three months when acquired	17,034	16,681
Cash and cash equivalents as stated in the consolidated statement of financial position	189,635	177,642
Deposit with original maturity of less than three months when accepted, pledged as security for banking guarantees	16,952	1,491
Bank overdrafts	(27,765)	(58,991)
Cash and cash equivalents as stated in the consolidated statement of cash flows	178,822	120,142

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 2011 HK$'000 (Unaudited)	Direct selling/ Retailing 2010 HK$'000 (Unaudited)	Property investment 2011 HK$'000 (Unaudited)	Property investment 2010 HK$'000 (Unaudited)	Total 2011 HK$'000 (Unaudited)	Total 2010 HK$'000 (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 HK$'000 (Unaudited)	Six months ended 31 October 2010 HK$'000 (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 Number of Shares	**2010 Number of shares**
	('000)	*('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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2011, the Group acquired items of property, plant and equipment with a cost of HK$77,077,000 (for the six months ended 31 October 2010: HK$67,704,000). Depreciation for items of property, plant and equipment was HK$39,699,000 (for the six months ended 31 October 2010: HK$25,759,000) during the period.

Property, plant and equipment with a net book value of HK$5,933,000 were disposed of by the Group during the six months ended 31 October 2011 resulting in a net loss on disposal of HK$1,596,000 (for the six months ended 31 October 2010: HK$227,000).

11. INVESTMENT PROPERTIES

The Group's investment properties were revalued on 31 October 2011 by independent professionally qualified valuers, at an aggregate balance of HK$355,924,000 on an open market, existing use basis. A fair value gain of HK$37,264,000 resulting from the valuation has been credited to the consolidated income statement.

12. TRADE RECEIVABLES

	31 October 2011 HK$'000 (Unaudited)	30 April 2011 HK$'000 (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 HK$'000 (Unaudited)	30 April 2011 HK$'000 (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

13. 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 HK$'000 (Unaudited)	30 April 2011 HK$'000 (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.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 October 2011 (Unaudited)			30 April 2011 (Audited)		
	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000
Current						
Bank overdrafts – unsecured	Malaysia Banking Institution's Base Lending Rate ("BLR") + 1.50 – 1.75	On demand	27,765	–	–	–
Bank loan – unsecured	Kuala Lumpur Interbank Offered Rate ("KLIBOR") + 0.75 – 1.00	2011	64,721	KLIBOR + 0.75 – 1.00	2011	56,119
Hire purchase contract payables – secured	2.59 – 12.26	2011 – 2012	243	3.24 – 12.26	2011 – 2012	157
Bank loans – secured	Taiwan Reuters Primary Market Commercial Paper 90 Days Rate ("TRPMCPR") + 0.43	2012	998	TRPMCPR + 0.43	2012	799
Bank loan – unsecured	Taiwan Banking Institution's Base Lending Rate (TBLR) + 0.60	2011	2,561	TBLR + 0.40	2011	2,684
Revolving credit – secured	Cost of Fund ("COF") + 2.00	2011	156,205	COF + 2.00	2011	182,306
Bank loan – secured	Cost of Fund ("COF") + 1.875	2011	60,680	–	–	–
Other bank loan – unsecured	0.1 per month	2011	553	–	–	–
Other bank loan – unsecured	–	–	–	6-month USD Singapore Interbank Offered Rate ("SIBOR") + 1.06/0.9445	2011	522
Bank loan – secured	Hong Kong Dollar Prime Lending Rate ("HKDPLR") – 0.50	On demand	6,075	HKDPLR – 0.50	On demand	6,165
			319,801			248,752
Non-current						
Hire purchase contract payables – secured	2.59 – 12.26	2012 – 2018	796	3.24 – 12.26	2012 – 2013	73
Bank loan – secured	TRPMCPR + 0.43	2012 – 2014	1,515	TRPMCPR + 0.43	2012 – 2014	1,990
Bank loan – unsecured	TBLR + 0.60	2012 – 2015	7,469	TBLR + 0.40	2012 – 2015	9,166
			9,780			11,229
			329,581			259,981

	31 October 2011 HK$'000 (Unaudited)	30 April 2011 HK$'000 (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	319,556	248,595
In the second year	3,558	3,494
In the third to fifth years, inclusive	5,428	3,509
Beyond five years	–	4,153
	328,542	259,751
Other borrowings repayable:		
Within one year or on demand	243	157
In the second year	155	73
In the third to fifth years, inclusive	121	–
Beyond five years	520	–
	1,039	230
	329,581	259,981

Note:

Certain of the Group's bank and other borrowings are secured by:

(i) the pledge of the Group's investment properties, which had aggregate carrying values at the end of the reporting period of approximately HK$250,361,000 (30 April 2011: HK$231,284,000); and

(ii) the pledge of certain of the Group's land and buildings, which had an aggregate carrying value at the end of the reporting period of approximately HK$93,843,000 (30 April 2011: HK$96,911,000).

15. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES ("ICULS")

On 8 December 2009, the Company issued 10-year ICULS with a principal sum of HK$2,190,000,000. The ICULS are convertible, at the option of the ICULS Holders, into ordinary shares at any time until the maturity date on the basis of one ordinary share for every HK$0.20 ICULS held. The ICULS carry interest at a rate of 1% per annum for the first and the second year and 3.5% per annum subsequently; which is payable half-yearly in arrears on 7 June and 7 December.

On issuance of ICULS, the fair value of the liability component is the present value of the future interest payments to the ICULS Holders discounted at the effective interest rate of 9.61% per annum. The residual amount is assigned as the equity component and is included in shareholders' equity.

During the period ended 31 October 2011, ICULS with a principal sum of HK$16 (2010: HK$466,645,780) were converted into 80 (2010: 2,333,228,900) ordinary shares of HK$0.20 each of the Company.

As at 31 October 2011, ICULS with an aggregate principal amount of HK$1,579,384,218 remained outstanding. Upon full conversion, the ICULS shall be converted into 7,896,921,090 ordinary shares of the Company.

The ICULS were split into the liability and equity components, as follows:

	31 October 2011			31 October 2010		
	Liability component of the ICULS	Equity component of the ICULS	Total	Liability component of the ICULS	Equity component of the ICULS	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year (audited)	302,891	1,299,514	1,602,405	391,831	1,752,505	2,144,336
Interest expense	14,674	–	14,674	15,447	–	15,447
Interest paid	(7,874)	–	(7,874)	(10,620)	–	(10,620)
Conversion of ICULS	–	–	–	(82,737)	(383,909)	(466,646)
At end of period (unaudited)	309,691	1,299,514	1,609,205	313,921	1,368,596	1,682,517

16. 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.

17. CAPITAL COMMITMENTS

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

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
	(Unaudited)	(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

18. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties during the period:

		Six months ended 31 October	
		2011	2010
	Note	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)
Sales of goods to fellow subsidiaries	*(i)*	1,160	1,643
Leasing of aircrafts from a fellow subsidiary	*(ii)*	1,237	1,173
Service fees paid to fellow subsidiaries	*(iii)*	17,485	15,391
Purchases of goods from fellow subsidiaries	*(iv)*	14,296	4,353
Rental expenses paid to related companies	*(v)*	1,074	970

Notes:

(i) Pursuant to the supply of goods agreements signed with fellow subsidiaries, the sales of goods were conducted based on normal commercial terms agreed between the relevant parties.

(ii) Pursuant to the leasing agreement signed with a fellow subsidiary, the lease of aircrafts was conducted based on normal commercial terms agreed between the relevant parties.

(iii) Pursuant to the supply of services agreements signed with fellow subsidiaries, including advertising services, mailing services, printing services, courier services, insurance services, guard services and logistic and transportation services, the arrangements were made based on normal commercial terms agreed between the relevant parties.

(iv) Pursuant to the supply of goods agreements signed with fellow subsidiaries, the purchases of goods were conducted based on normal commercial terms agreed between the relevant parties.

(v) During the period, the Group leased certain premises from two related companies. The major shareholder of one of the related companies is also the major shareholder of BCorp, the Group's ultimate holding company and the other related company is an associate of BCorp. Pursuant to the leasing agreements signed with these related companies, the lease of related companies' premises were conducted based on normal commercial terms agreed between the relevant parties.

(b) Compensation of key management personnel of the Group:

	Six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	5,778	4,498
Post-employment benefits	486	417
Equity-settled share option expenses	–	5,163
Total compensation paid to key management personnel	6,264	10,078

19. COMPARATIVE AMOUNTS

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

4. INDEBTEDNESS OF CCL GROUP

At the close of business on 31 December 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had (i) outstanding borrowings of approximately HK$467 million comprising unsecured borrowings and overdrafts of approximately HK$304 million and secured borrowings and overdrafts of approximately HK$163 million; (ii) outstanding ICULS of approximately HK$1,580 million comprising liability component of approximately HK$280 million and equity component of HK$1,300 million, and (iii) accrual ICULS interest of approximately HK$27 million.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, at the close of business on 31 December 2011, the Group did not have any outstanding indebtedness, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgagees, charges or loans or acceptance credits or hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 31 December 2011 up to Latest Practicable Date.

5. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 30 April 2011, the date on which the latest audited consolidated financial statements of the Group were made up.

(A) IN RELATION TO PROPERTY INTERESTS HELD AND OCCUPIED BY CCL GROUP IN MALAYSIA

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal & Consulting Limited, an independent property valuer, in connection with their valuation as at 30 November 2011 of the property interests held by the CCL Group in Malaysia.

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

VIGERS
威格斯

10 February 2012

The Board of Directors
Cosway Corporation Limited
Unit 1701, Austin Plaza
83 Austin Road
Kowloon
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interest owned by Cosway Corporation Limited (the "Company") and its subsidiaries (together referred to as the "Group") in Malaysia, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at the 30 November 2011 ("date of valuation") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interest which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the properties Nos. 1 to 8 and 10 to 21, we have assessed the market value of the properties by adopting the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the subject properties.

In valuing the property No. 9, the combination of the direct comparison approach and depreciated replacement cost approach is adopted by assessing the land portion of the properties and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the properties as a whole. In the valuation of the land portion, reference has been made to the sales comparables as available to us in the localities. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparables sales.

We have caused title searches to be made for the property interests at the relevant government bureau in Malaysia. However, we have not searched the original documents to verify ownership or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

Our valuation has been made on the assumption that the owner sell the property interests on the open market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreements or any similar arrangement which would serve to increase the values of the property interests.

The exterior and, where possible, the interior of the properties were inspected by Ms Azlina Mat Rahim (BSc(Hons) Estate Management), Mr Khairil Amir Shuib (BSc(Hons) Property Management), Mr Hazrul Affandi Abd Wahab (BSc Estate Management), Nur Baizurah Anuar (BSc(Hons) Property Management), Ms Haslingwati Borhansa (BSc(Hons) Estate Management) and Ms Rosaini Razali (BSc in Land Management) from 4 November 2011 to 25 November 2011. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defects. No tests were carried out on any of the services.

We have relied on a considerable extent on information provided by you and have accepted advise given to us on such matters as planning approvals, statutory notices, easements, tenure, occupancy, lettings, site and floor areas, room and facilities schedule and in the identification of the properties. No on-site measurement has been taken. All dimensions, measurements and areas are approximations only.

No allowance has been made in our valuation certificates for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In valuing the property interests in Malaysia, we have taken reference to the valuation opinions on the properties prepared by Raine & Horne International Zaki + Partners Sdn. Bhd..

In valuing the property interest, we have fully complied with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties include: (i) government tax at a rate of 6% on the legal fee; and (ii) Real Property Gain Tax at a rate of 5% of the net profit in disposing properties if it was acquired within 5 years; and (iii) miscellaneous administrative fee.

The Company has confirmed to us that it has no intention to dispose any of the properties. Hence, it is unlikely that such tax liability will be crystallized in the recent future. In the course of our valuation, we have neither nor taken into account such tax liability.

Unless otherwise stated, all monetary amounts stated are in Ringgit Malaysia (RM). The exchange rate used in valuing the properties in Malaysia as at 30 November 2011 was HK$1:RM 0.3976. There has been no significant fluctuation in the exchange rate for HK$ against RM between that date and the date of this letter.

We enclose herewith our summary of valuation together with the valuation certificates.

Yours Faithfully
For and on behalf of

Vigers Appraisal & Consulting Limited

Raymond Ho Kai Kwong
Registered Professional Surveyor(GP)
MRICS MHKIS MSc(e-com)
China Real Estate Appraiser
Managing Director

Raine & Horne International Zaki + Partners Sdn. Bhd.

Noriha Bt Harun
Registered Valuer V-634
MISM
Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), China Real Estate Appraiser, has over twenty five years' experience in undertaking valuations of properties in Hong Kong and has over eighteen years' experience in valuations of properties in the PRC, Taiwan, Macau and the Asia-Pacific region. He joined Vigers in 1989.

Noriha Bt Harun, Registered Valuer and Registered Real Estate Agent in accordance with the Valuers, Appraisers and Estate Agent Act, 1981, member of the Institution of Surveyors, Malaysia, has over 23 years' experience in valuations of properties in Malaysia.

Contributing Valuer:
Lawrence Chan Ka Wah, Associate Director *BSc(Real Estate) MRICS MHKIS RPS(GP)*

SUMMARY OF VALUATION

	Property	Market Value in existing state as at 30 November 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 November 2011
1.	128 strata shop lots located on ground, first and second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	RM31,610,000 (equivalent to approximately HK$79,500,000)	100%	RM31,610,000 (equivalent to approximately HK$79,500,000)
2.	68 strata shop lots located on ground, first, second and third floors, 88 strata office units, 7 apartment units, 60 storerooms and 431 car park spaces of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	RM67,550,000 (equivalent to approximately HK$169,890,000)	100%	RM67,550,000 (equivalent to approximately HK$169,890,000)
3.	A strata shop Lot 2.72 located on second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	RM250,000 (equivalent to approximately HK$630,000)	100%	RM250,000 (equivalent to approximately HK$630,000)
4.	A strata shop Lot 2.77 located on second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	RM160,000 (equivalent to approximately HK$400,000)	100%	RM160,000 (equivalent to Approximately HK$400,000)
5.	A strata shop Lot 2.78 located on second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	RM160,000 (equivalent to approximately HK$400,000)	100%	RM160,000 (equivalent to approximately HK$400,000)

	Property	Market Value in existing state as at 30 November 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 November 2011
6.	A corner 4-storey terraced shopoffice located at No. 48, Jalan Wangsa Setia 4, Wangsa Melawati, Kuala Lumpur, Malaysia	RM1,700,000 (equivalent to approximately HK$4,280,000)	100%	RM1,700,000 (equivalent to approximately HK$4,280,000)
7.	An intermediate 4-storey terraced shopoffice located at No. 21, Jalan 2/33B, Kepong MWE Commercial Park, Kuala Lumpur, Malaysia	RM1,300,000 (equivalent to approximately HK$3,270,000)	100%	RM1,300,000 (equivalent to approximately HK$3,270,000)
8.	An intermediate 3-storey terraced shopoffice located at No. 71, Jalan USJ 21/11, Subang Jaya, Selangor Darul Ehsan, Malaysia	RM1,240,000 (equivalent to approximately HK$3,120,000)	100%	RM1,240,000 (equivalent to approximately HK$3,120,000)
9.	An industrial complex located at No. 21, Jalan TUDM, Kampung Baru Subang, Selangor Darul Ehsan, Malaysia	RM7,850,000 (equivalent to approximately HK$19,740,000)	82%	RM6,440,000 (equivalent to approximately HK$16,200,000)
10.	Two adjoining ground floor shoplots and a first floor office lot located at Unit Nos. 40, 40-1 & 42, Jalan PPM4, Plaza Pandan, Malim Business Park, Malim, Melaka, Malaysia	RM730,000 (equivalent to approximately HK$1,840,000)	100%	RM730,000 (equivalent to approximately HK$1,840,000)
11.	A corner 3-storey terraced shopoffice located at No. 15, Jalan Penjaja 3, Kim's Park Business Centre, Batu Pahat, Johor, Malaysia	RM950,000 (equivalent to approximately HK$2,390,000)	100%	RM950,000 (equivalent to approximately HK$2,390,000)

	Property	Market Value in existing state as at 30 November 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 November 2011
12.	Two adjoining 4-storey terraced shopoffices located at No. 20 (intermediate) and 22 (end), Jalan Permas 10, Bandar Baru Permas Jaya, Masai, Johor, Malaysia	RM1,960,000 (equivalent to approximately HK$4,930,000)	100%	RM1,960,000 (equivalent to approximately HK$4,930,000)
13.	Three strata shop lots of Unit Nos. 5-02-9, 5-02-10 and 5-02-11 located on 1st Floor and nine open car park spaces located within Hunza Complex, Jalan Gangsa, Greenlane Heights, Penang, Malaysia	RM1,000,000 (equivalent to approximately HK$2,520,000)	100%	RM1,000,000 (equivalent to approximately HK$2,520,000)
14.	An intermediate 3-storey terraced shopoffice located at No. 107, Lorong Tembikai 1, Sungai Rambai Business Park, Bukit Mertajam, Penang, Malaysia	RM450,000 (equivalent to approximately HK$1,130,000)	100%	RM450,000 (equivalent to approximately HK$1,130,000)
15.	An end unit 2-storey terraced shophouse located at No. 905, Jalan Sultan Badlishah, Alor Setar, Kedah, Malaysia	RM300,000 (equivalent to approximately HK$750,000)	100%	RM300,000 (equivalent to approximately HK$750,000)
16.	An end unit 3-storey terraced shopoffice located at No. 1, Jalan Permatang Gedong, Taman Sejati Indah, Sungai Petani, Kedah, Malaysia	RM820,000 (equivalent to approximately HK$2,060,000)	100%	RM820,000 (equivalent to approximately HK$2,060,000)
17.	An intermediate 2-storey terraced shophouse located at No. 32C, Jalan Ng Weng Hup, Taman Pertama, Ipoh, Perak, Malaysia	RM380,000 (equivalent to approximately HK$960,000)	100%	RM380,000 (equivalent to approximately HK$960,000)

	Property	Market Value in existing state as at 30 November 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 November 2011
18.	An intermediate 3-storey terraced shopoffice located at Lot 4, Block 9, Lorong Bandar Indah 1, Bandar Indah, Sandakan, Sabah, Malaysia	RM700,000 (equivalent to approximately HK$1,760,000)	100%	RM700,000 (equivalent to approximately HK$1,760,000)
19.	An end unit 3-storey terraced shopoffice located at Lot 4, No. 186 Jalan Damai, Off KM5 Jalan Tuaran, Kota Kinabalu, Sabah, Malaysia	RM730,000 (equivalent to approximately HK$1,840,000)	100%	RM730,000 (equivalent to approximately HK$1,840,000)
20.	An intermediate 4-storey terraced shopoffice located at Lot 1186, Jalan Bendahara, Miri Waterfront Commercial Centre, Miri, Sarawak, Malaysia	RM1,100,000 (equivalent to approximately HK$2,770,000)	100%	RM1,100,000 (equivalent to approximately HK$2,770,000)
21.	Unit C-0-2, ground floor, Block C and 2 car park spaces, Arena Green Apartments, No. 3 Jalan 1/155A, Bukit Jalil, Kuala Lumpur, Malaysia	RM250,000 (equivalent to approximately HK$630,000)	100%	RM250,000 (equivalent to approximately HK$630,000)
	Total:	**RM121,190,000 (equivalent to approximately HK$304,810,000)**		**RM119,780,000 (equivalent to approximately HK$301,270,000)**

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
1.	128 strata shop lots located on ground, first and second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	The property comprises 128 strata shop lots located on ground, first and second floor of a 27-storey office and apartment tower atop of a 4-storey shopping podium with 2-level basement car park called Wisma Cosway completed in between 1980s and 1990s. The property has a total floor area of approximately 41,033 sq. ft. The property is held on a freehold interest. This land shall be used for commercial building only as per the copy of master title. Upon our site inspection, the external building condition of the property was fair.	Portion of the property is subject to various tenancies with the latest term being expired on 30 September 2013 at a total annual rental of approximately RM2,350,427 inclusive of service charge but exclusive of other operating outgoings and portion of the property is occupied by Cosway (M) Sdn. Bhd. for shop and office uses. The property was occupied by the tenants and Cosway (M) Sdn. Bhd. for retail and office uses as at the date of valuation.	RM31,610,000 (equivalent to approximately HK$79,500,000). **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM31,610,000 (equivalent to approximately HK$79,500,000)

Notes:

1. According to the copies of 128 strata title documents obtained from the relevant government authority on 10 November 2011, the property having a floor area of approximately 41,033 sq. ft. It is held on a freehold title. The registered owner of the property is Golden Works (M) Sdn. Bhd..

2. According to the copy of master title document obtained from the relevant government authority in July 2009, the land shall be used for commercial building only.

3. As informed by the Company, the property is charged to Hong Leong Bank Berhad.

4. According to the information provided, Golden Works (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability, an indirect wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
2.	68 strata shop lots located on ground, first, second and third floors, 88 strata office units, 7 apartment units, 60 storerooms, 431 car park spaces of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	The property comprises 68 strata shop lots located on ground, first, second and third floor, 88 strata office units, 7 apartment units, 60 storerooms and 431 car park spaces of a 27-storey office and apartment tower atop of a 4-storey shopping podium with 2-level basement car park called Wisma Cosway completed in between 1980s and 1990s. The shop lots, office, apartments and storerooms of the property have a total floor area of approximately 115,108 sq. ft. exclusive of roof garden, recreational area, car parks and accessory parcels. The property is held on a freehold interest. This land shall be used for commercial building only as per the copy of master title. Upon our site inspection, the external building condition of the property was fair.	Portion of the property is subject to various tenancies with the latest term being expired on 31 August 2013 at a total annual rental of approximately RM4,648,807 inclusive of service charge but exclusive of other operating outgoings and portion of the property is occupied by Cosway (M) Sdn. Bhd. for shop and office uses. The property was occupied by the tenants and Cosway (M) Sdn. Bhd. for retail, office, storage and residential uses as at the date of valuation.	RM67,550,000 (equivalent to approximately HK$169,890,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM67,550,000 (equivalent to approximately HK$169,890,000)

Notes:

1. According to the copies of 207 strata title documents obtained from the relevant government authority on 10 November 2011, the shop lots, office, apartments and storerooms of the property having a total floor area of approximately 115,108 sq. ft. and the remaining portion of the property comprising 2-level car parks located on basement 1 and 2 having a floor area of approximately 127,811 sq. ft. and 31 car park spaces located outside the buildings, a roof garden located on fourth floor having a floor area of approximately 27,426 sq. ft. and a recreational area located on sixteenth floor having a floor area of approximately 9,515 sq. ft. It is held on a freehold title. The registered owner of the property is Stephens Properties Sdn. Bhd..

2. According to the copy of master title document obtained from the relevant government authority in July 2009, the land shall be used for commercial building only.

3. As informed by the Company, the property is charged to OCBC Bank (Malaysia) Berhad.

4. According to the information provided, Stephens Properties Sdn. Bhd. is an indirect wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
3.	A strata shop Lot 2.72 located on second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	The property comprises a strata shop lot located on second floor of a 27-storey office and apartment tower atop of a 4-storey shopping podium with 2-level basement car park called Wisma Cosway completed in between 1980s and 1990s. The property has a floor area of approximately 409 sq. ft. The property is held on a freehold interest. This land shall be used for commercial building only as per the copy of master title. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for office uses as at the date of valuation.	RM250,000 (equivalent to approximately HK$630,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM250,000 (equivalent to approximately HK$630,000)

Notes:

1. According to the copy of strata title document obtained from the relevant government authority on 10 November 2011, the property having a floor area of approximately 409 sq. ft. It is held on a freehold title. The registered owner of the property is E-Cosway.Com Sdn. Bhd..

2. According to the copy of title document obtained from the relevant government authority on 10 November 2011, the property was free from mortgages.

3. According to the copy of master title document obtained from the relevant government authority in July 2009, the land shall be used for commercial building only.

4. According to the information provided, E-Cosway.Com Sdn. Bhd. is a 40% directly and 60% indirectly owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
4.	A strata shop Lot 2.77 located on second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	The property comprises a strata shop lot located on second floor of a 27-storey office and apartment tower atop of a 4-storey shopping podium with 2-level basement car park called Wisma Cosway completed in between 1980s and 1990s. The property has a floor area of approximately 388 sq. ft. The property is held on a freehold interest. This land shall be used for commercial building only as per the copy of master title. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for office uses as at the date of valuation.	RM160,000 (equivalent to approximately HK$400,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM160,000 (equivalent to approximately HK$400,000)

Notes:

1. According to the copy of strata title document obtained from the relevant government authority on 10 November 2011, the property having a floor area of approximately 388 sq. ft. It is held on a freehold title. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to the copy of title document obtained from the relevant government authority on 10 November 2011, the property was free from mortgages.

3. According to the copy of master title document obtained from the relevant government authority in July 2009, the land shall be used for commercial building only.

4. According to the information provided, Cosway (M) Sdn. Bhd. is a directly wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
5.	A strata shop Lot 2.78 located on second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	The property comprises a strata shop lot located on second floor of a 27-storey office and apartment tower atop of a 4-storey shopping podium with 2-level basement car park called Wisma Cosway completed in between 1980s and 1990s. The property has a floor area of approximately 388 sq. ft. The property is held on a freehold interest. This land shall be used for commercial building only as per the copy of master title. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for office uses as at the date of valuation.	RM160,000 (equivalent to Approximately HK$400,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM160,000 (equivalent to approximately HK$400,000)

Notes:

1. According to the copy of strata title document obtained from the relevant government authority on 10 November 2011, the property having a floor area of approximately 388 sq. ft. It is held on a freehold title. The registered owner of the property is Rank Distributors Sdn. Bhd..

2. According to the copy of title document obtained from the relevant government authority on 10 November 2011, the property was free from mortgages.

3. According to the copy of master title document obtained from the relevant government authority in July 2009, the land shall be used for commercial building only.

4. According to the information provided, Rank Distributors Sdn. Bhd. is an indirect wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
6.	A corner 4-storey terraced shopoffice located at No. 48, Jalan Wangsa Setia 4, Wangsa Melawati, Kuala Lumpur, Malaysia	The property comprises a corner parcel of land with a site area of approximately 1,798 sq. ft. and a 4-storey terraced shopoffice buildings erected thereon completed in about 1999. The buildings portion of the property has a total gross floor area of approximately 7,200 sq. ft. The property is held on a freehold title for building (shop and office) use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for retail, storage and lecture room uses as at the date of valuation.	RM1,700,000 (equivalent to approximately HK$4,280,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM1,700,000 (equivalent to approximately HK$4,280,000)

Notes:

1. According to the copy of title document obtained from the relevant government authority on 19 January 2012, the property has a site area of 167 sq. metres. (approximate 1,798 sq. ft.). It is held on a freehold title for building (shop and office) use. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to the copy of title document obtained from the relevant government authority on 19 January 2012, the property was free from mortgages.

3. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

4. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
7.	An intermediate 4-storey terraced shopoffice located at No. 21, Jalan 2/33B, Kepong MWE Commercial Park, Kuala Lumpur, Malaysia	The property comprises an intermediate parcel of land with a site area of approximately 1,604 sq. ft, together with a 4-storey terraced shopoffice buildings erected thereon completed in about 1999. The property has a total gross floor areas of approximately 6,340 sq. ft. The property is held on a 99-year leasehold title expiring on 13 August 2097 for building (shophouse) use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for retail, storage and lecture room uses as at the date of valuation.	RM1,300,000 (equivalent to approximately HK$3,270,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM1,300,000 (equivalent to approximately HK$3,270,000)

Notes:

1. According to the copy of title document obtained from the relevant government authority on 18 November 2011, the property having a site area of 149 sq. m. (approximately 1,604 sq. ft.). It is held on a 99-year leasehold title expiring on 13 August 2097 for building (shophouse) use. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to the copy of title document obtained from the relevant government authority on 18 November 2011, the property was free from mortgages.

3. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

4. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
8.	An intermediate 3-storey terraced shopoffice located at No. 71, Jalan USJ 21/11, Subang Jaya, Selangor Darul Ehsan, Malaysia	The property comprises an intermediate parcel of land with a site area of approximately 2,002 sq. ft. Together with a 3-storey terraced shopoffice buildings erected thereon completed in about 1999. The property has a total gross floor area of approximately 5,603 sq. ft. The property is held on a freehold title for commercial building use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for retail, storage and lecture room uses as at the date of valuation.	RM1,240,000 (equivalent to approximately HK$3,120,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM1,240,000 (equivalent to approximately HK$3,120,000)

Notes:

1. According to the copy of title document obtained from the relevant government authority on 16 November 2011, the property having a site area of approximately 186 sq. m. (approximately 2,002 sq. ft,). It is held on a freehold title for commercial building use. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to the copy of title document obtained from the relevant government authority on 16 November 2011, the property was free from mortgages.

3. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

4. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
9.	An industrial complex located at No. 21, Jalan TUDM, Kampung Baru Subang, Selangor Darul Ehsan, Malaysia	The property comprises a parcel of land together with four single to 3-storey buildings and structures completed in between 1990s and 2000s erected thereon. The site area and total gross floor area of the property are approximately 2 acres (approximately 87,120 sq. ft.) and 41,780 sq. ft. respectively. The property is held on a 60-year leasehold title expiring on 3 June 2053 for industrial use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Kimia Suchi Sdn. Bhd. for storage, production and office uses as at the date of valuation.	RM7,850,000 (equivalent to approximately HK$19,740,000) **Interest attributable to the Group** 82% **Market Value in existing state attributable to the Group as at 30 November 2011** RM6,440,000 (equivalent to approximately HK$16,200,000)

Notes:

1. According to the copy of title document obtained from the relevant government authority on 15 November 2011, the property having a site area of approximately 2 acres. (approximately 87,120 sq. ft.). It is held on a 60-year leasehold title expiring on 3 June 2053 for industrial use. The registered owner of the property is Kimia Suchi Sdn. Bhd..

2. According to the aforesaid copy of title document, the land cannot be sold, lease, charge or transfer by any means except with the consent of the State Authority.

3. According to the copy of title document obtained from the relevant government authority on 15 November 2011, the property has been charged four times to Affin Bank Berhad vide the followings:

    a. Presn. No. 6256/1996, Charge Vol. 313, Folio 91, dated 8 October 1996

    b. Presn. No. 6257/1996, Charge Vol. 313, Folio 92, dated 8 October 1996

    c. Presn. No. 3905/1997, Charge Vol. 342, Folio 1, dated 23 July 1997

    d. Presn. No. 2996/2001, Charge Vol. 47, Folio 66, dated 19 June 2001

4. We were informed by the Company, the buildings erected on the property had obtained certificate of fitness for occupation.

5. According to the information provided, Kimia Suchi Sdn. Bhd. is an indirect 82% owned subsidiary of Cosway Corporation Limited.

6. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
10.	Two adjoining ground floor shoplots and a first floor office lot located at Unit Nos. 40, 40-1 & 42, Jalan PPM4, Plaza Pandan, Malim Business Park, Malim, Melaka, Malaysia	The property comprises 2 intermediate adjoining shop units (Unit Nos. 40 and 42) located on ground floor and an intermediate office unit (Unit No. 40-1) located on first floor of 3-storey shopoffice building completed in about 2001. The property has a total floor area of approximately 3,833 sq. ft. The property is held on a 99-year leasehold interest expiring on 7 May 2099 for commercial use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by the Cosway (M) Sdn. Bhd. for retail, storage and lecture room uses as at the date of valuation.	RM730,000 (equivalent to approximately HK$1,840,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM730,000 (equivalent to approximately HK$1,840,000)

Notes:

1. According to the copy of strata title document obtained from the relevant government authority on 18 November 2011, the property having a total floor area of approximately 3,833) sq. ft. It is held on a 99-year leasehold interest expiring on 7 May 2099. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to the copy of master title document obtained from the relevant government authority on 18 November 2011, the land shall be used for commercial building only.

3. According to the copy of strata title document obtained from the relevant government authority on 18 November 2011, the property was free from mortgages.

4. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
11.	A corner 3-storey terraced shopoffice located at No. 15, Jalan Penjaja 3, Kim's Park Business Centre, Batu Pahat, Johor, Malaysia	The property comprises a corner parcel of commercial land together with a 3-storey terraced shopoffice building erected thereon completed in about 1998. The site area and total gross floor area of the property are about 2,982 sq. ft. and 8,274 sq. ft. respectively. The property is held on a freehold interest for 3-storey shopoffice use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for retail, office, lecture room and residential uses as at the date of valuation.	RM950,000 (equivalent to approximately HK$2,390,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM950,000 (equivalent to approximately HK$2,390,000)

Notes:

1. According to the copy of title document obtained from the relevant government authority on 21 November 2011, the property having a site area of 277 sq. m. (approximately 2,982 sq. ft). It is held on freehold title for 3-storey shopoffice use. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to the aforesaid copy of title document, the land which is contained in this title can be sold or transfer ownership with whatever method even though to non-citizen of Malaysia or foreign company without consent of the State Authority.

3. According to the copy of title document obtained from the relevant government authority on 21 November 2011, the property was free from mortgages.

4. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
12.	Two adjoining 4-storey terraced shopoffices located at No. 20 (intermediate) and 22 (end), Jalan Permas 10, Bandar Baru Permas Jaya, Masai, Johor, Malaysia	The property comprises 2 adjoining parcel of commercial lands (an end and an intermediate lots) together with two 4-storey terraced shopoffices completed in about 1995. The site area and total gross floor area of the property are approximately 4,542 sq. ft. and 18,195 sq. ft. respectively. The property is held on a freehold interest for 4-storey shopoffice use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by the Cosway (M) Sdn. Bhd. mainly for retail, office, residential and storage uses as at the date of valuation.	RM1,960,000 (equivalent to approximately HK$4,930,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM1,960,000 (equivalent to approximately HK$4,930,000)

Notes:

1. According to copies of 2 title documents obtained from the relevant government authority both on 21 November 2011, the property has a total site area of approximately 422 sq. m. (approximately 4,542 sq. ft.). The property is held on freehold title for 4-storey shopoffice use. The registered owner of both properties is Cosway (M) Sdn. Bhd..

2. According to the aforesaid copies of title documents, the land which contained in this titles cannot be sold or transfer ownership with whatever method to non-citizen of Malaysia without consent of State Authority.

3. According to the copies of 2 title documents obtained from the relevant government authority both on 21 November 2011, both properties were free from mortgages.

4. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
13.	Three strata shop lots of Unit Nos. 5-02-9, 5-02-10 and 5-02-11 located on 1st Floor and nine open carparking spaces located within Hunza Complex, Jalan Gangsa, Greenlane Heights, Penang, Malaysia	The property comprises 3 adjoining strata shop lots (two intermediate units and a corner unit) located on 1st Floor and 9 open car park spaces of a 5-storey shopoffice building completed in about 1996. The property has a total floor area of approximately 4,640 sq. ft. The property is held on a freehold interest. The land usage is not stated in the strata titles. However, we were informed by the Company, the property is issued with a Certificate of Fitness for Occupation. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for retail uses as at the date of valuation.	RM1,000,000 (equivalent to approximately HK$2,520,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM1,000,000 (equivalent to approximately HK$2,520,000)

Notes:

1. Brief strata title particulars of the property as extracted from the copies of 3 strata title documents obtained from the relevant government authority on 15 November 2011, the current registered owner of the property is Cosway (M) Sdn. Bhd. and the property is held on a freehold interest, the particulars are as follows:

Strata Title No.	Lot No.	Approximate Floor Area
Geran 57518/M1/2/20 Accessory Parcel Nos. A30, A38 & A39	4744, Bandar George Town Section 5, District Timur Laut, State of Pulau Pinang	120 sq. m. (approximately 1,292 sq. ft.)
Geran 57518/M1/2/21 Accessory Parcel Nos. A40, A41 & A29	4744, Bandar George Town Section 5, District Timur Laut, State of Pulau Pinang	120 sq. m. (approximately 1,292 sq. ft.)
Geran 57518/M1/2/22 Accessory Parcel Nos. A42, A43 & A28	4744, Bandar George Town Section 5, District Timur Laut, State of Pulau Pinang	191 sq. m. (approximately 2,056 sq. ft.)
	Total	**431 sq. m. (approximately 4,640 sq. ft.)**

2. The permitted land usage was not stated in the strata titles. However, we were informed by the Company, the property is issued with a Certificate of Fitness for Occupation, the current occupancy of the property is legally permitted.

3. According to the aforesaid copies of 3 strata title documents obtained from the relevant government authority on 15 November 2011, the property was free from mortgages.

4. According to the copy of master title document obtained from the relevant government authority on 15 November 2011, the land is subject to various caveats.

5. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

6. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
14.	An intermediate 3-storey terraced shopoffice located at No. 107, Lorong Tembikai 1, Sungai Rambai Business Park, Bukit Mertajam, Penang Malaysia	The property comprises a commercial land parcel (an intermediate lot) together with a 3-storey terraced shopoffice building completed in about 1999 erected thereon. The site area and the total gross floor area of the property are approximately 1,496 sq. ft. and 4,488 sq. ft. respectively. The property is held on a freehold interest for commercial use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for commercial, storage and lecture room uses as at the date of valuation.	RM450,000 (equivalent to approximately HK$1,130,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM450,000 (equivalent to approximately HK$1,130,000)

Notes:

1. According to a copy of title document obtained from the relevant government authority on 16 November 2011, the current registered owner of the property is Cosway (M) Sdn. Bhd..

2. The land parcel of the property is freehold in nature and is for Building (Commercial) use.

3. According to a copy of title document obtained from the relevant government authority on 16 November 2011, the property was free from mortgages.

4. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
15.	An end unit 2-storey terraced shophouse located at No. 905, Jalan Sultan Badlishah, Alor Setar, Kedah, Malaysia	The property comprises a parcel of land together with a 2-storey commercial building completed in about 1972 erected thereon. The site area and total gross floor area of the property are approximately 1,400 sq. ft. and 2,800 sq. ft. respectively. The property is held by sub-leasehold term for a term expiring on 31 December 2032 for commercial use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for commercial, storage and lecture room uses as at the date of valuation.	RM300,000 (equivalent to approximately HK$750,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM300,000 (equivalent to approximately HK$750,000)

Notes:

1. According to a copy of title document obtained from the relevant government authority on 17 November 2011, the current registered owner of the property is Perbadanan Kemajuan Negeri Kedah held by leasehold interest for a term expiring on 31 October 2070.

   The property is sub-leased to Cosway (M) Sdn. Bhd. for a term commencing from 1 January 1972 and expiring on 31 December 2032.

2. Pursuant to a Sub-Lease Agreement provided by the Company, Perbadanan Kemajuan Negeri Kedah ("Lessor") and The United Enterprise (Kedah) Sdn. Bhd. ("Lessee") entered into an agreement for the lessor to lease the subject land to the lessee for a term of 60 years from 1 January 1972. According to the Company, the lessee is the developer of the property, after development, the property was sold to Wong Khai Fang.

   Pursuant to a Sale and Purchase Agreement entered into between Wong Khai Fang ("Vendor") and Cosway (M) Sdn. Bhd. ("Purchaser") dated 12 October 2000, the ownership of the property has been transferred from Vendor to Purchaser at a consideration of RM425,000.

   According to a copy of title document obtained from the relevant government authority, Cosway (M) Sdn. Bhd. is the registered lessee of the land while Perbadanan Kemajuan Negeri Kedah is the registered owner. Therefore, Cosway (M) Sdn. Bhd. will continue the terms stipulated in the title for 60 years until 31 December 2032.

3. The land parcel of the property is held under a sub-leasehold interest for a term expiring on 31 December 2032 and is for Building (commercial) use.

4. According to a copy of title document obtained from the relevant government authority on 17 November 2011, the property was free from mortgages.

5. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

6. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
16.	An end unit 3-storey terraced shopoffice located at No. 1, Jalan Permatang Gedong, Taman Sejati Indah, Sungai Petani, Kedah, Malaysia	The property comprises a parcel of land together with a 3-storey commercial building completed in about 1998 erected thereon. The site area and total gross floor area are approximately 2,099 sq. ft. and 6,297 sq. ft. respectively. The property is held on a freehold interest for commercial and residential uses only. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for commercial, storage and lecture room uses as at the date of valuation.	RM820,000 (equivalent to approximately HK$2,060,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM820,000 (equivalent to approximately HK$2,060,000)

Notes:

1. According to a copy of title document obtained from the relevant government authority on 17 November 2011, the current registered owner of the property is Cosway (M) Sdn. Bhd..

2. The land parcel of the property is freehold in nature and is for Building (commercial and residential) uses.

3. According to a copy of title document obtained from the relevant government authority on 17 November 2011, the property was free from mortgages.

4. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
17.	An intermediate 2-storey terraced shophouse located at No. 32C, Jalan Ng Weng Hup, Taman Pertama, Ipoh, Perak, Malaysia	The property comprises a parcel of land together with a 2-storey commercial building completed in about 1997 erected thereon. The site area and total gross floor area of the property are approximately 1,765 sq. ft. and 3,530 sq. ft. respectively. The property is held on a leasehold interest for a term of 99 years expiring on 17 July 2094 for commercial (shop) use. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for commercial, storage and lecture room uses as at the date of valuation.	RM380,000 (equivalent to approximately HK$960,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM380,000 (equivalent to approximately HK$960,000)

Notes:

1. According to a copy of title document obtained from the relevant government authority on 16 November 2011, the current registered owner of the property is Cosway (M) Sdn. Bhd..

2. The land parcel of the property is held on a leasehold interest for a term expiring on 17 July 2094 and is for Building (Commercial – Shop) use.

3. According to a copy of title document obtained from the relevant government authority on 16 November 2011, the property was free from mortgages.

4. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
18.	An intermediate 3-storey terraced shopoffice located at Lot 4, Block 9, Lorong Bandar Indah 1, Bandar Indah, Sandakan, Sabah, Malaysia	The property comprises an intermediate parcel of land with a site area of approximately 1,119 sq. ft. together with a 3-storey terraced shopoffice building erected thereon completed in about 2000. The total gross floor area of the property is approximately 3,131 sq. ft. The property is held on a 999-year leasehold title expiring on 1 March 2882 for use as a 3-storey shopoffice. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for retail uses as at the date of valuation.	RM700,000 (equivalent to approximately HK$1,760,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM700,000 (equivalent to approximately HK$1,760,000)

Notes:

1. According to a copy of title document obtained from the relevant government authority on 24 November 2011, the property has a site area of approximately 104 sq. m. (approximately 1,119 sq. ft.). It is held on a 999-year leasehold title expiring on 1 March 2882 for use as a 3-storey shopoffice. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to a copy of title document obtained from the relevant government authority on 24 November 2011, the property was free from mortgages. Subdivision of this title is prohibited without the written permission of the Director of Lands and Surveys. Transfer or sublease of this title is prohibited before fulfillment of the covenants in the title.

3. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

4. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
19.	An end unit 3-storey terraced shopoffice located at Lot 4, No. 186 Jalan Damai, Off KM5 Jalan Tuaran, Kota Kinabalu, Sabah, Malaysia	The property comprises a parcel of land (an end lot) together with a 3-storey terraced shopoffice building completed in about 1995. The site area and the total gross floor area of the property are approximately 1,336 sq. ft. and 3,975 sq. ft. respectively. The property is held on a 98-year leasehold interest expiring on 31 December 2072 for use as shophouse. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for retail, storage and lecture room uses as at the date of valuation.	RM730,000 (equivalent to approximately HK$1,840,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM730,000 (equivalent to approximately HK$1,840,000)

Notes:

1. According to a copy of title document obtained from the relevant government authority on 14 November 2011, the property having a site area of approximately 124.1 sq. m. (approximately 1,336 sq. ft.). The property is held on a 98-year leasehold title expiring on 31 December 2072 for use as a shophouse. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to the aforesaid copy of title document, subdivision of this title is prohibited.

3. According to the copy of title document obtained from the relevant government authority on 14 November 2011, the property is charged to OCBC Bank (Malaysia) Berhad vide memo no. 10297026 dated 17 August 1994.

4. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

5. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
20.	An intermediate 4-storey terraced shopoffice located at Lot 1186, Jalan Bendahara, Miri Waterfront Commercial Centre, Miri, Sarawak, Malaysia	The property comprises a parcel of land (an intermediate lot) together with a 4-storey terraced shopoffice building completed in about 1997. The site area and total gross floor area of the property are approximately 1,356 sq. ft. and 5,424 sq. ft. respectively. The property is held on a 60-year leasehold interest expiring on 15 February 2058 for 4-storey terraced building for commercial purposes. Upon our site inspection, the external building condition of the property was fair.	The property was occupied by Cosway (M) Sdn. Bhd. for retail uses as at the date of valuation.	RM1,100,000 (equivalent to approximately HK$2,770,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM1,100,000 (equivalent to approximately HK$2,770,000)

Notes:

1. According to a copy of title document obtained from the relevant government authority on 22 November 2011, the property has a site area of approximately 126 sq. m. (approximately 1,356 sq. ft.). The property is held on a 60-year leasehold title expiring on 15 February 2058 for 4-storey terraced building for commercial purposes. The registered owner of the property is Cosway (M) Sdn. Bhd..

2. According to the aforesaid copy of title document, the property was free from mortgages.

3. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

4. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2011
21.	Unit C-0-2, ground floor, Block C and 2 car park spaces, Arena Green Apartments, No. 3 Jalan 1/155A, Bukit Jalil, Kuala Lumpur, Malaysia	The property comprises a retail unit on ground floor of a 16-storey residential/commercial building completed in about 2000s and 2 car park spaces. The property has a floor area of approximately 829 sq. ft. The property is held on a freehold interest, the land use is restricted for residential building of medium low cost apartment only. Upon our site inspection, the external building condition of the property was fair.	The property is leased to Marzuki EZ Mart by Cosway (M) Sdn. Bhd. for a term of 2 years commencing from 1 October 2010 and expiring on 30 September 2012 at a monthly rent of RM1,500. The property was occupied by Kedai Runcit Marzuki EZ Mart for commercial use as at the date of valuation.	RM250,000 (equivalent to approximately HK$630,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** RM250,000 (equivalent to approximately HK$630,000)

Notes:

1. Pursuant to a Sale and Purchase Agreement entered into between Berjaya Golf Resort Berhad ("Vendor") and Cosway (M) Sdn. Bhd. ("Purchaser") dated 23 July 2009, the ownership of the property has been transferred from Vendor to Purchaser at a consideration of RM248,700. According to the information provided by the Group, the total consideration was fully settled on 3 August 2009.

2. According to the copy of strata title document obtained from the relevant government authority on 18 November 2011, the property is held on a freehold title. The registered owner of the property is Cosway (M) Sdn. Bhd..

3. According to the copy of title document obtained from the relevant government authority on 18 November 2011, the property was free from mortgages.

4. The permitted land usage was stated in the express condition of the parent title number Geran 47487, Lot No. 36480, Mukim of Petaling, District of Kuala Lumpur and State of Wilayah Persekutuan, the land shall be used for residential building of medium low cost apartment only.

5. We were informed by the Company, Arena Green wherein the property is located is issued with Certificate of Fitness for Occupation, the current occupancy of the property is legally permitted.

6. According to the information provided, Cosway (M) Sdn. Bhd. is a company incorporated in Malaysia with limited liability and is a wholly-owned subsidiary of Cosway Corporation Limited.

7. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Raine & Horne International Zaki + Partners Sdn. Bhd. the qualified and experienced property appraiser in Malaysia.

(B) IN RELATION TO PROPERTY INTERESTS HELD BY CCL GROUP IN BRAZIL

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal & Consulting Limited, an independent property valuer, in connection with their valuation as at 30 November 2011 of the property interests held by the CCL Group in Brazil.

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

10 February 2012

The Board of Directors
Cosway Corporation Limited
Unit 1701, Austin Plaza
83 Austin Road
Kowloon
Hong Kong

Dear Sirs,

RE: VALUATION OF VARIOUS PRORERTIES IN THE FEDERATIVE REPUBLIC OF BRAZIL

In accordance with your instructions for us to value the property interest owned by Cosway Corporation Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the Federative Republic of Brazil ("Brazil"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at the 30 November 2011 ("date of valuation") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interest which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

We have assessed the market value of the properties by adopting the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the subject property. We have also adopted the investment approach (income approach) by taking into account the current rent passing of the property interest and the reversionary potential of the tenancy.

We have not caused title searches to be made for the property interests at the relevant government bureaus in Brazil for properties located in Brazil. We have been provided with certain extracts of title documents relating to the property interests in Brazil. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. All documents have been used for reference only. All dimensions, measurements and areas are approximations. In undertaking our valuation for the property interests in Brazil, we have relied on the legal opinion ("Brazilian legal opinion") provided by the Group's Brazilian legal adviser, Demarest E Almeida.

Our valuation has been made on the assumption that the owner sell the property interests on the open market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreements or any similar arrangement which would serve to increase the values of the property interests.

The exterior and, where possible, the interior of the properties were inspected by Mr. Magno Stip Kovic (Registered Architect, CREA-SP) from 2 January 2012 to 18 January 2012. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or not free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

We have relied on a considerable extent on information provided by you and have accepted advise given to us on such matters as planning approvals, statutory notices, easements, tenure, occupancy, lettings, site and floor areas, room and facilities schedule and in the identification of the properties. No on-site measurement has been taken. All dimensions, measurements and areas are approximations only.

No allowance has been made in our valuation certificates for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In valuing the property interests in Brazil, we have taken reference to the valuation opinions on the properties prepared by Magno Smith Gestão Patrimonial Ltda.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors(HKIS) and the RICS Appraisal and Valuation Standards (7th Edition 2011) published by the Royal Institution of Chartered Surveyors (the "RICS").

In valuing the property interests, we have fully complied with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties include: (i) Income Tax at a rate of 15% on the net profit from disposal of properties; and (ii) Transfer Tax at a rate of 4% on the consideration during disposal of the properties.

The Company has confirmed to us that it has no intention to dispose any of the properties. Hence, it is unlikely that such tax liability will be crystallized in the recent future. In the course of our valuation, we have neither nor taken into account such tax liability.

Unless otherwise stated, all monetary amounts stated are in Brazil Real ("R$"). The exchange rate used in valuing the properties in Brazil as at 30 November 2011 was HK$1:R$0.2178. There has been no significant fluctuation in the exchange rate for HK$ against R$ between that date and the date of this letter.

We enclose herewith our summary of valuation together with the valuation certificates.

Yours Faithfully
For and on behalf of

Vigers Appraisal & Consulting Limited

Raymond Ho Kai Kwong
Registered Professional Surveyor(GP)
MRICS MHKIS MSc(e-com)
China Real Estate Appraiser
Managing Director

Magno Smith Gestão Patrimonial Ltda

Raymond Halliday Watt Smith
FRICS CRECI-SP
Senior Partner

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), China Real Estate Appraiser, has over twenty five years' experience in undertaking valuations of properties in Hong Kong and has over eighteen years' experience in valuations of properties in the PRC, Taiwan, Macau and the Asia-Pacific region. He joined Vigers in 1989.

Mr Raymond Halliday Watt Smith, Chartered Surveyor, FRICS CRECI-SP, has over 30 years' experience in undertaking valuations of properties in South America, including Brazil, Venezuela, Argentina and Uruguay. Raymond has founded Magno Smith Gestão Patrimonial Ltda in 2000.

Contributing Valuer:
Lawrence Chan Ka Wah, Associate Director *BSc(Real Estate) MRICS MHKIS RPS(GP)*

SUMMARY OF VALUATION

	Property	Market Value in existing state as at 30 November 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 November 2011
1.	The lands and buildings, Nos. 144 and 198 Rua São Paulo, Alphaville District, Municipality of Barueri – SP, São Paulo Metropolitan Region, Brazil	R$16,450,000 (equivalent to approximately HK$75,530,000)	100%	R$16,450,000 (equivalent to approximately HK$75,530,000)
2.	Apartment 1304, 13th Floor and 2 carparking spaces on basement Levels 1 and 2, Edifício San Francisco, No. 152 Alameda Cauaxi, Alphaville District, Municipality of Barueri, São Paulo Metropolitan Region, Brazil	R$570,000 (equivalent to approximately HK$2,620,000)	100%	R$570,000 (equivalent to approximately HK$2,620,000)
3.	Ground Floor and Lower Ground Floor, Shop 12, Block D, Quadrant 716, SCRN – Setor Comercial Residencial Norte, Asa Norte, Brasília – DF, Brazil	R$4,730,000 (equivalent to approximately HK$21,720,000)	100%	R$4,730,000 (equivalent to approximately HK$21,720,000)
4.	Ground Floor and Mezzanine Floor, Residencial Piemonte, Rua No. 919 Rio Grande do Norte, Funcionários District, Belo Horizonte, State of Minas Gerais, Brazil	R$1,756,000 (equivalent to approximately HK$8,060,000)	100%	R$1,756,000 (equivalent to approximately HK$8,060,000)
	Grand-total	**R$23,506,000 (equivalent to approximately HK$107,920,000)**		**R$23,506,000 (equivalent to approximately HK$107,920,000)**

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 November 2011
1.	The lands and buildings, Nos. 144 and 198 Rua São Paulo, Alphaville District, Municipality of Barueri – SP, São Paulo Metropolitan Region, Brazil	The property comprises 2 adjoining lands together with two 2 to 3-storey buildings completed in about 1980 erected thereon. The total built area and the site area of the property is approximately 5,984.99 sq. m. and 8,811.97 sq. m. respectively. Upon our site inspection, the external building condition of the property was fair.	The property was subject to a tenancy for a term commencing on 4 October 2011 and expiring on 1 October 2013 at a monthly rent of R$60,000 exclusive of management fee and other operating outgoings. The property was occupied by the tenant for production, warehouse and ancillary uses as at the date of valuation.	R$16,450,000 (equivalent to approximately HK$75,530,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** R$16,450,000 (equivalent to approximately HK$75,530,000)

Notes:

1. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Magno Smith Gestão Patrimonial Ltda, the qualified and experienced property appraiser in Brazil.

2. We have been provided with a legal opinion on the property prepared by the Group's Brazilian legal advisers, Demarest E Almeida.

   (a) The current registered owner of the property is Cosway do Brasil Ltda., the property is entitled to be transferred, leased and mortgaged in the market without restriction;

   (b) The property is free from mortgages, orders and other legal encumbrances which may cause adverse effects on the title of the property; and

   (c) The tenancy of the property was not recorded in the Real Estate Registry Office in Brazil. However, it would not create any legal liability and risk on the Company.

3. According to the information provided, Cosway do Brasil Ltda. is an indirectly wholly-owned subsidiary of Cosway Corporation Limited.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 November 2011
2.	Apartment 1304, 13th Floor and 2 carparking spaces on basement Levels 1 and 2, Edifício San Francisco, No. 152 Alameda Cauaxi, Alphaville District, Municipality of Barueri, São Paulo Metropolitan Region, Brazil	The property comprises a residential unit on 13th Floor together with 2 carparking spaces completed in about 1995. The net area and the total built area of the property is approximately 164.42 sq. m. and 272.49 sq. m. respectively. (exclusive of carparking spaces) Upon our site inspection, the external building condition of the property was fair.	The property was subject to a tenancy for a term commencing on 22 April 2011 and expiring on 21 October 2013 at a monthly rent of R$2,500 exclusive of management fee and other operating outgoings. The property was occupied by the tenant for residential use.	R$570,000 (equivalent to approximately HK$2,620,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** R$570,000 (equivalent to approximately HK$2,620,000)

Notes:

1. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Magno Smith Gestão Patrimonial Ltda, the qualified and experienced property appraiser in Brazil.

2. We have been provided with a legal opinion on the property prepared by the Group's Brazilian legal advisers, Demarest E Almeida.

   (a) The current registered owner of the property is Cosway do Brasil Ltda., the property is entitled to be transferred, leased and mortgaged in the market without restriction;

   (b) The property is free from mortgages, orders and other legal encumbrances which may cause adverse effects on the title of the property; and

   (c) The tenancy of the property was not recorded in the Real Estate Registry Office in Brazil. However, it would not create any legal liability and risk on the Company.

3. According to the information provided, Cosway do Brasil Ltda. is an indirectly wholly-owned subsidiary of Cosway Corporation Limited.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 November 2011
3.	Ground Floor and Lower Ground Floor, Shop 12, Block D, Quadrant 716, SCRN – Setor Comercial Residencial Norte, Asa Norte, Brasília – DF, Brazil	The property comprises the Ground Floor and the Lower Ground Floor of a multi-storey commercial/residential building completed in about 1995. The net area and built area of the property are 778.8 sq. m. and 966.75 sq. m. respectively. Upon our site inspection, the external building condition of the property was fair.	The property was subject to a tenancy for a term commencing on 1 April 2011 and expiring on 1 April 2013 at a monthly rent of R$6,800 exclusive of management fee and other operating outgoings. The property was occupied by the tenant for retail use.	R$4,730,000 (equivalent to approximately HK$21,720,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** R$4,730,000 (equivalent to approximately HK$21,720,000)

Notes:

1. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Magno Smith Gestão Patrimonial Ltda, the qualified and experienced property appraiser in Brazil.

2. We have been provided with a legal opinion on the property prepared by the Group's Brazilian legal advisers, Demarest E Almeida.

   (a) The current registered owner of the property is Cosway do Brasil Ltda., the property is entitled to be transferred, leased and mortgaged in the market without restriction;

   (b) The property is free from mortgages, orders and other legal encumbrances which may cause adverse effects on the title of the property; and

   (c) The tenancy of the property was not recorded in the Real Estate Registry Office in Brazil. However, it would not create any legal liability and risk on the Company.

3. According to the information provided, Cosway do Brasil Ltda. is an indirectly wholly-owned subsidiary of Cosway Corporation Limited.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 November 2011
4.	Ground Floor and Mezzanine Floor, Residencial Piemonte, Rua No. 919 Rio Grande do Norte, Funcionários District, Belo Horizonte, State of Minas Gerais, Brazil	The property comprises the Ground Floor and Mezzanine Floor of a multi-storey commercial/residential building completed in about 1993. The built area and net area of the property are approximately 471.66 sq. m. and 417.66 sq. m. respectively. Upon our site inspection, the external building condition of the property was fair.	The property was subject to a tenancy for a term commencing on 10 June 2011 and expiring on 9 June 2012 at a monthly rent of R$10,000 exclusive of management fee and other operating outgoings. The property was occupied by the tenant for retail use.	R$1,756,000 (equivalent to approximately HK$8,060,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** R$1,756,000 (equivalent to approximately HK$8,060,000)

Notes:

1. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Magno Smith Gestão Patrimonial Ltda, the qualified and experienced property appraiser in Brazil.

2. We have been provided with a legal opinion on the property prepared by the Group's Brazilian legal advisers, Demarest E Almeida.

   (a) The current registered owner of the property is Cosway do Brasil Ltda., the property is entitled to be transferred, leased and mortgaged in the market without restriction;

   (b) The property is free from mortgages, orders and other legal encumbrances which may cause adverse effects on the title of the property; and

   (c) The tenancy of the property was not recorded in the Real Estate Registry Office in Brazil. However, it would not create any legal liability and risk on the Company.

3. According to the information provided, Cosway do Brasil Ltda. is an indirectly wholly-owned subsidiary of Cosway Corporation Limited.

(C) IN RELATION TO PROPERTY INTERESTS HELD BY CCL GROUP (INCLUDING TAIWAN PROPERTIES) IN TAIWAN

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal & Consulting Limited, an independent property valuer, in connection with their valuation as at 30 November 2011 of the property interests held by the CCL Group in Taiwan.

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants

VIGERS
威格斯

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

10 February 2012

The Board of Directors
Cosway Corporation Limited
Unit 1701, Austin Plaza
83 Austin Road
Kowloon
Hong Kong

Dear Sirs,

RE: VALUATION OF VARIOUS PRORERTIES IN TAIWAN

In accordance with your instructions for us to value the property interest owned by Cosway Corporation Limited (the "Company") and its subsidiaries (together referred to as the "Group") in Taiwan, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at the 30 November 2011 ("date of valuation") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interest which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property No. 1, the combination of the direct comparison approach and depreciated replacement cost approach is adopted by assessing the land portion of the properties and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the properties as a whole. In the valuation of the land portion, reference has been made to the sales comparables as available to us in the localities. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparables sales. The approach is subject to adequate potential profitability of the business.

In valuing the properties Nos. 2 and 3, direct comparison approach is adopted with reference has been made to the sales comparables as available to us in the localities.

We have caused title searches to be made for the property interests at the relevant government bureaus in Taiwan for properties located in Taiwan. We have been provided with certain extracts of title documents relating to the property interests in Taiwan. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. All documents have been used for reference only. All dimensions, measurements and areas are approximations.

Our valuation has been made on the assumption that the owner sell the property interests on the open market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreements or any similar arrangement which would serve to increase the values of the property interests.

The exterior and, where possible, the interior of the properties were inspected by Mr. Chen Po Hung (MRICS) and Mr. Nieh Hsiang Ming (MRICS) as at 15 December 2011. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or not free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

We have relied on a considerable extent on information provided by you and have accepted advise given to us on such matters as planning approvals, statutory notices, easements, tenure, occupancy, lettings, site and floor areas, room and facilities schedule and in the identification of the properties. No on-site measurement has been taken. All dimensions, measurements and areas are approximations only.

No allowance has been made in our valuation certificates for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In valuing the property interests in Taiwan, we have taken reference to the valuation opinions on the properties prepared by Honda Appraisers Joint Firm.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors(HKIS) and the RICS Appraisal and Valuation Standards (7th Edition 2011) published by the Royal Institution of Chartered Surveyors (the "RICS").

In valuing the property interests, we have fully complied with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties include: (i) Land Appreciation Tax at rates ranging from 10% to 40% of the Land Appreciation Amount; (ii) Property Tax at a rate at rates ranging from 1.38% to 3% on the consideration during disposal of the properties subject to the uses; (iii) Land Tax at rates from 0.02% to 0.1% of the share on the land lots of the properties; (iv) Enterprise Income Tax at a rate of 25% of net profit gained annually of enterprises; and (v) miscellaneous administrative fee.

The Company has confirmed to us that it has no intention to dispose any of the properties. Hence, it is unlikely that such tax liability will be crystallized in the recent future. In the course of our valuation, we have neither nor taken into account such tax liability.

Unless otherwise stated, all monetary amounts stated are in New Taiwan Dollars ("NT$"). The exchange rate used in valuing the properties in Taiwan as at 30 November 2011 was HK$1:NT$3.8193. There has been no significant fluctuation in the exchange rate for HK$ against NT$ between that date and the date of this letter.

We enclose herewith our summary of valuation together with the valuation certificates.

Yours Faithfully
For and on behalf of

Vigers Appraisal & Consulting Limited	**Honda Appraiser Joint Firm**
Raymond Ho Kai Kwong	**Chen Po Hung/Nieh Hsiang Ming**
Registered Professional Surveyor(GP)	Real Estate Appraiser Certificate of Taiwan
MRICS MHKIS MSc(e-com)	Real Estate Appraiser Practicing License of Taiwan
China Real Estate Appraiser	MRICS
Managing Director	Manager

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), China Real Estate Appraiser, has over twenty five years' experience in undertaking valuations of properties in Hong Kong and has over eighteen years' experience in valuations of properties in the PRC, Taiwan, Macau and the Asia-Pacific region. He joined Vigers in 1989.

Mr. Chen Po Hung, MRICS, the holder of the Real Estate Appraiser Certificate of Taiwan and Real Estate Appraiser Practicing License of Taiwan, has over 14 years' experiences in undertaking valuations of properties in Taiwan.

Mr. Nieh Hsiang Ming, MRICS, the holder of the Real Estate Appraiser Certificate of Taiwan and Real Estate Appraiser Practicing License of Taiwan, has over 16 years' experiences in undertaking valuations of properties in Taiwan.

Contributing Valuer:
Lawrence Chan Ka Wah, Associate Director *BSc(Real Estate) MRICS MHKIS RPS(GP)*

SUMMARY OF VALUATION

	Property	Market Value in existing state as at 30 November 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 November 2011
1.	No. 257 Zhonghua Road (also known as Lot 49, Chengzhong Section) Magong City, Penghu County, Taiwan	NT$18,300,000 (equivalent to approximately HK$4,790,000)	100%	NT$18,300,000 (equivalent to approximately HK$4,790,000)
2.	No. 1067 Shanshuinan Section, Magong City, Penghu County, Taiwan	NT$4,600,000 (equivalent to approximately HK$1,200,000)	100%	NT$4,600,000 (equivalent to approximately HK$1,200,000)
3.	Units 2 and 3 on Level 11 and Basement Level 2, No. 20 Dalong Road, West District, Taichung City, Taiwan	NT$21,000,000 (equivalent to approximately HK$5,500,000)	100%	NT$21,000,000 (equivalent to approximately HK$5,500,000)
	Grand-total	**NT$43,900,000 (equivalent to approximately HK$11,490,000)**		**NT$43,900,000 (equivalent to approximately HK$11,490,000)**

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 November 2011
1.	No. 257 Zhonghua Road (also known as Lot 49, Chengzhong Section) Magong City, Penghu County, Taiwan	The property comprises a parcel of land together with a 4-storey commercial/residential building completed in 1997 erected thereon. The total gross floor area and the site area of the property is approximately 321.01 sq. m. (including balcony and machine rooms) and 129.97 sq. m. respectively. Upon our site inspection, the building condition of the property was fair.	The property was occupied by the Group as shop and lecture room as at the date of valuation.	NT$18,300,000 (equivalent to approximately HK$4,790,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** NT$18,300,000 (equivalent to approximately HK$4,790,000)

Notes:

1. Regarding to the Land Registration Record and a Building Registration Record, the current registered owner of the property is Cosway (M) Sdn. Bhd..

2. The land the property located is zoned for residential use. According to the Building Registration Record, the permitted use of the property is commercial/residential use.

3. According to the information provided, Cosway (M) Sdn. Bhd. is a directly wholly-owned subsidiary of Cosway Corporation Limited.

4. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Honda Appraisers Joint Firm, the qualified and experienced property appraiser in Taiwan.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 November 2011
2.	No. 1067 Shanshuinan Section, Magong City, Penghu County, Taiwan	The property comprises a parcel of land with a site area of approximately 248.61 sq. m.	The property was a clear site as at the date of valuation.	NT$4,600,000 (equivalent to approximately HK$1,200,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** NT$4,600,000 (equivalent to approximately HK$1,200,000)

Notes:

1. Pursuant to a Land Registration Record, the current registered owner of the property with a site area of approximately 248.61 sq. m. is Cosway (M) Sdn. Bhd..

2. The property is zoned as Scenery Area – construction land (Grade C).

3. According to the information provided, Cosway (M) Sdn. Bhd.. is a directly wholly-owned subsidiary of Cosway Corporation Limited.

4. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Honda Appraisers Joint Firm, the qualified and experienced property appraiser in Taiwan.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 November 2011
3.	Units 2 and 3 on Level 11 and 4 carparking spaces on Basement Level 2, No. 20 Dalong Road, West District, Taichung City, Taiwan	The property comprises 2 office units on Level 11 and 4 carparking spaces on the Basement Level 2 of a 14-storey office/commercial building (excluding of a 2-level basement) completed in 1990. The property has a total gross floor area of approximately 569.32 sq. m. Upon our site inspection, the building condition of the property was fair.	The property was occupied by the Group for office and carparking uses.	NT$21,000,000 (equivalent to approximately HK$5,500,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 November 2011** NT$21,000,000 (equivalent to approximately HK$5,500,000)

Notes:

1. Pursuant to a Land Registration Record and a Building Registration Record, the registered owner of the property is Cosway (M) Sdn. Bhd..

2. The property is subject to a mortgage in favour of Chang Hwa Bank at a loan amount of NT$18.000,000 registered on 27 August 2009 vide a memorial no. Pu Zi No. 202190.

3. According to the information provided, Cosway (M) Sdn. Bhd.. is a directly wholly-owned subsidiary of Cosway Corporation Limited.

4. In valuing the property, we have obtained the professional opinion from our local property appraisal consultant, Honda Appraisers Joint Firm, the qualified and experienced property appraiser in Taiwan.

(D) IN RELATION TO PROPERTY INTERESTS HELD AND OCCUPIED BY CCL GROUP IN HONG KONG AND THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

The following is the text of a letter, summary of values and valuation certificate, prepared for the purpose of incorporation in this circular, received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their valuation as at 30 November 2011 of the property interests held by CCL Group in Hong Kong and in the People's Republic of China ("PRC").

savills
第一太平戴維斯

Savills Valuation and
Professional Services Limited
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The Board of Directors
Cosway Corporation Limited
Unit 1701
Austin Plaza
83 Austin Road
Jordan
Kowloon
Hong Kong

10 February 2012

Dear Sirs

RE: VALUATION OF VARIOUS PROPERTY INTERESTS IN HONG KONG AND THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

In accordance with your instructions for us to value various property interests held by Cosway Corporation Limited (referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") located in Hong Kong and the PRC, we confirm that we have carried out inspections, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of these property interests as at 30 November 2011 ("Valuation Date") for public circular purposes.

Our valuation is our opinion of the market values of each of the properties concerned which we would define as intended to mean "the estimated amount for which a Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a Property interest is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation is prepared in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors and in compliance with the requirements of Chapter 5 and Practice Note 12 of Listing Rules published by The Stock Exchange of Hong Kong Limited.

We have valued the property interests by using the direct comparison approach by making reference to sales evidence as available on the market and where appropriate on the basis of capitalization of the net rental income shown on schedules handed to us. We have allowed for outgoings and in appropriate cases made provisions for reversionary income potential.

We have not been provided with any title documents relating to the properties in Hong Kong but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

For the property situated in the PRC, we have been provided with copies of extracts of title documents relating to the property. However, we have not inspected the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group and your legal advisers, Jun He Law Offices, regarding the title to the property.

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, letting, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents and leases provided to us and are therefore only approximations.

We have inspected the exterior of the properties valued and, where possible, we have also inspected the interior of the properties. However, no structural survey has been made but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the properties are free from rot, infestation or any other structural defect. No tests were carried out to any of the services.

No allowance has been made in our report for any charges, mortgage or amount owing on the properties. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions, and outgoings of an onerous nature which could affect their values.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties include:

(a) profit tax on the profit from the sale of the properties at rates of 16.5% for properties in Hong Kong and 25% for the property in the PRC; and

(b) land appreciation tax on property in the PRC at progressive tax rates ranging from 30% to 60% on the appreciation in property value in the range from not more than 50% to more than 200%.

The Company has confirmed to us that it has no intention to sell any of the properties in Hong Kong and the PRC. Hence, the likelihood of any potential tax liability of these properties being crystallized is remote. In the course of our valuation, we have neither verified nor taken into account such tax liability.

Unless otherwise stated, all property values are denominated in Hong Kong Dollars. The exchange rate used in our valuation is HK$1 to RMB0.8150, which was the approximate exchange rate prevailing as at the Valuation Date and there has been no significant fluctuation in such exchange rate between that date and the date of this letter.

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully
For and on behalf of
Savills Valuation and Professional Services Limited

Charles C K Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Managing Director

Note: Mr Charles C K Chan, chartered estate surveyor, has been a qualified valuer since June 1987 and has about 27 years experience in the valuation of properties in Hong Kong and about 22 years experience in the valuation of properties in the PRC.

SUMMARY OF VALUES

No.	Property	Capital value in existing state as at 30 November 2011	Interest attributable to the Group	Capital value in existing state as at 30 November 2011 attributable to the Group's interest
GROUP I – PROPERTY INTERESTS HELD BY THE GROUP FOR INVESTMENT IN HONG KONG				
1.	Units 726, 728, 729, 731, 735, 736, 739, 740, 741, 742, 743, 744, 745, 747, 748, 749, 750, 751, 753, 754, 755, 756 and 757 on 7th Floor, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong	HK$79,000,000	100%	HK$79,000,000
2.	Factory Units 1 and 2 on 17th Floor and Car Parking Space No. L5 on Lower Ground Floor, Wah Sing Industrial Building, 12-14 Wah Sing Street, Kwai Chung, New Territories, Hong Kong	HK$11,700,000	100%	HK$11,700,000
3.	Shops 83 and 84 on 2nd Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong	HK$3,900,000	100%	HK$3,900,000
	SUB TOTAL	HK$94,600,000		HK$94,600,000
GROUP II – PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT IN THE PRC				
4.	Unit 803 on 8th Floor of Block C and Carparking Space No. 10, Xiagang Garden, 32 Xiagangxincun Road, Siming District, Xiamen, Fujian Province, PRC	HK$1,121,000	100%	HK$1,121,000
	SUB TOTAL	HK$1,121,000		HK$1,121,000
	GRAND TOTAL	**HK$95,721,000**		**HK$95,721,000**

VALUATION CERTIFICATE

Group I – Property interests held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2011
1.	Units 726, 728, 729, 731, 735, 736, 739, 740, 741, 742, 743, 744, 745, 747, 748, 749, 750, 751, 753, 754, 755, 756 and 757 on 7th Floor, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong 177/19,328th equal and undivided shares of and in Section A of Kowloon Marine Lot No. 10.	Star House is a 20-storey (including one basement) commercial building completed in 1966. The property comprises 23 office units on the 7th floor of the building with a total gross floor area of 969.16 sq. m. (10,432 sq. ft.) or thereabouts. Kowloon Marine Lot No. 10 is held under a Government lease for a term of 999 years commencing from 25 July 1864. The annual government rent payable for Section A of the lot is HK$736.	The property is mostly let under various tenancies for terms of 2 years with the latest expiry date in December 2013, at a total monthly rental of HK$157,493 exclusive of rates, government rent and management fees.	HK$79,000,000 (100% interest attributable to the Group)

Notes:

1. The registered owner of the property is Wing Hung Kee Holdings Limited (now known as Cosway Corporation Limited).

2. The property is subject to a mortgage to secure general banking facilities in favour of The Hongkong Chinese Bank, Limited (now known as CITIC Bank International Limited).

3. The property is subject to a deed poll regarding the external walls from the Ground to the 5th Floors of Star House which are declared as additional Common Area and/or Common Facilities by The Incorporated Owners of Star House.

4. The property lies within an area zoned “Commercial” under Tsim Sha Tsui Outline Zoning Plan.

5. Our inspection was carried out by Jim Ng, MSc, on 10 January 2012. The property was maintained in a reasonable condition commensurate with its age and uses and equipped with normal building services.

6. The market value of the property as at 31 October 2011 was valued by Savills Valuation and Professional Services Limited at HK$79,000,000.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2011
2.	Factory Units 1 and 2 on 17th Floor and Carparking Space No. L5 on Lower Ground Floor, Wah Sing Industrial Building, 12-14 Wah Sing Street, Kwai Chung, New Territories, Hong Kong 43/1,215th equal and undivided shares of and in Kwai Chung Town Lot Nos. 293 and 312.	Wah Sing Industrial Building is a 27-storey industrial building (including 4 levels of industrial/car parking podium and a fire relief floor) completed in 1980. The property comprises two contiguous factory units on the 17th floor of the building with a total gross floor area of 821.07 sq. m. (8,838 sq. ft.) or thereabouts. The property also comprises a lorry parking space on the lower ground floor of the building. Kwai Chung Town Lots Nos. 293 and 312 are held under New Grant Nos. 5349 and 5379 respectively each for a term which expired on 27 June 1997 and such lease terms had been extended upon expiry until 30 June 2047 at an annual government rent equivalent to 3% of the rateable value for the time being of the lots.	The property is currently vacant.	HK$11,700,000 (100% interest attributable to the Group)

Notes:

1. The registered owner of the property is Wing Hung Kee Investment Company Limited (now known as Cosway Corporation Limited).

2. The property is subject to a mortgage to secure general banking facilities in favour of The Hongkong Chinese Bank Limited (now known as CITIC Bank International Limited).

3. The property lies within an area zoned “Industrial” under Kwai Chung Outline Zoning Plan.

4. Our inspection was carried out by Jim Ng, MSc, on 10 January 2012. The property was maintained in a reasonable condition commensurate with its age and uses and equipped with normal building services.

5. The market value of the property as at 31 October 2011 was valued by Savills Valuation and Professional Services Limited at HK$11,700,000.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2011
3.	Shops 83 and 84 on 2nd Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong 10/8,410th equal and undivided shares of and in Kowloon Inland Lot No. 10588.	Houston Centre is a 16-storey (including one basement and lower ground floor) commercial building completed in 1981. The property comprises two retail shops on the 2nd floor of the building with a total gross floor area of 55.18 sq. m. (594 sq. ft.) or thereabouts. Kowloon Inland Lot No. 10588 is held under Conditions of Sale No. 11183 for a term of 75 years commencing from 3 March 1978 renewable for a further term of 75 years. The annual government rent payable for the lot is HK$1,000.	The property is let under a tenancy for a term of 2 years expiring in January 2013 at a monthly rental of HK$8,316 exclusive of rates, government rent and management fees.	HK$3,900,000 (100% interest attributable to the Group)

Notes:

1. The registered owner of the property is Berjaya Holdings (HK) Limited (now known as Cosway Corporation Limited).

2. The property lies within an area zoned "Commercial" under Tsim Sha Tsui Outline Zoning Plan.

3. Our inspection was carried out by Jim Ng, MSc, on 10 January 2012. The property was maintained in a reasonable condition commensurate with its age and uses and equipped with normal building services.

4. The market value of the property as at 31 October 2011 was valued by Savills Valuation and Professional Services Limited at HK$3,900,000.

VALUATION CERTIFICATE

Group II – Property interest held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2011
4.	Unit 803 on 8th Floor of Block C and Carparking Space No. 10, Xiagang Garden, 32 Xiagangxincun Road, Siming District, Xiamen, Fujian Province, PRC	Xiagang Garden is a commercial/ residential composite development (the "development"). The property comprises a residential unit in a 15-storey residential block of reinforced concrete frame construction completed in about 1996. The property also comprises a carparking space within the development. The gross floor area of the property is approximately 216.47 sq. m. (2,330 sq. ft.) (including the car parking space). The land use rights of the property were granted for a term of 70 years commencing on 20 January 1993 for residential uses.	The property is currently vacant.	HK$1,121,000 (100% interest attributable to the Group)

Notes:

1. Pursuant to the Real Estate Title Certificate Xia Di Fang Zheng No. 00006416 dated 1 December 1997, the title to the property with a gross floor area of 216.47 sq. m. (including the car parking space) is vested in Berjaya Holdings (HK) Limited (now known as Cosway Corporation Limited), for a land use term of 70 years commencing on 20 January 1993 for residential uses.

2. We have been provided with a legal opinion on the title to the property issued by the Group's legal adviser, which contains, inter alia, the following information:

   (i) Berjaya Holdings (HK) Limited (now known as Cosway Corporation Limited) has legally acquired the land use rights and building ownership of the property;

   (ii) Berjaya Holdings (HK) Limited (now known as Cosway Corporation Limited) is entitled to freely transfer, mortgage or lease the property; and

   (iii) the property is free from any encumbrances.

3. Our inspection was carried out by Jim Wong, on 11 January 2012. The development was maintained in a reasonable condition commensurate with its age and uses and equipped with normal building services.

4. The market value of the property as at 31 October 2011 was valued by Savills Valuation and Professional Services Limited at HK$1,121,000.

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the CCL Group and the Offer.

The information contained in this Composite Document (other than information relating to the Offer, the BCorp Group, the Offeror and parties acting in concert with it) has been supplied by the Directors who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offer, the BCorp Group, the Offeror and parties acting in concert with it). The Directors jointly and severally confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading. The issue of this Composite Document has been approved by the Board.

The information contained in this Composite Document (other than information relating to the CCL Group) has been supplied by the directors of the Offeror and BCorp. The directors of the Offeror and BCorp jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than information relating to the CCL Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading. The issue of this Composite Document has been approved by the board of directors of the Offeror.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorized and issued share capital of the Company were as follows:

Authorized:		*HK$*
20,000,000,000	Shares	4,000,000,000.00
Issued and fully paid or credited as fully paid:		
4,714,810,551	Shares	942,962,110.20

80 Shares have been issued by the Company pursuant to the conversion of HK$16 principal amount of ICULS since 30 April 2011 (being the date on which its latest published audited accounts were prepared). All the existing issued Shares are fully paid up and rank pari passu in all respects including all rights as to dividends, voting and capital.

Save for the Shares, the ICULS and the Share Options, the Company has no outstanding securities, options, derivatives, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Substantial Shareholders

The table sets out the interests of the Offeror, directors of Offeror, BCorp and directors of BCorp, and parties acting in concert with any of them in the Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company at the Latest Practicable Date and after completion of the Offer, assuming full acceptance of the Offer:

	As at the Latest Practicable Date				After completion of the Offer			
	Shares	*Approximate percentage of shareholding*	*ICULS (HK$)*	*Approximate percentage of shareholding*	*Shares*	*Approximate percentage of shareholding*	*ICULS (HK$)*	*Approximate percentage of shareholding*
The Offeror	2,182,000,000	46.28	1,340,912,542	84.90	4,284,461,046	90.87	1,555,445,072	98.48
Non-Accepting PACs								
Berjaya Group (Cayman) Limited	342,149,475	7.26	–	–	342,149,475	7.26	–	–
Prime Credit Leasing Sdn. Bhd.	84,863,887	1.80	–	–	84,863,887	1.80	–	–
Inter-Pacific Securities Sdn. Bhd.	690,238	0.01	4,952,935	0.31	690,238	0.01	4,952,935	0.31
Berjaya Hills Berhad	2,645,905	0.06	18,986,211	1.20	2,645,905	0.06	18,986,211	1.20
Total: Non-Accepting PACs	**430,349,505**	**9.13**	**23,939,146**	**1.52**	**430,349,505**	**9.13**	**23,939,146**	**1.52**
Total held by the Offeror and Non-Accepting PACs	**2,612,349,505**	**55.41**	**1,364,851,688**	**86.42**	**4,714,810,551**	**100.00**	**1,579,384,218**	**100.00**
Other parties acting in concert with the Offeror (other than the Non-Accepting PACs)								
Berjaya Leisure (Cayman) Limited	65,000,000	1.38	–	–	–	–	–	–
Berjaya Sompo Insurance Berhad	2,016,076	0.04	2,590,969	0.16	–	–	–	–
Biofield Sdn. Bhd.	115,752,272	2.46	113,000,000	7.15	–	–	–	–
Tan Sri Dato' Seri Vincent Tan Chee Yioun	330,000,009	7.00	–	–	–	–	–	–
Tan Yeong Sheik, Rayvin	221,506.972	4.70	45,450,000	2.88	–	–	–	–
Datin Leow Huei Hsien (Spouse of Dato' Robin Tan Yeong Ching)	1,300,000	0.03	–	–	–	–	–	–

	As at the Latest Practicable Date				After completion of the Offer			
	Shares	*Approximate percentage of shareholding*	*ICULS (HK$)*	*Approximate percentage of shareholding*	*Shares*	*Approximate percentage of shareholding*	*ICULS (HK$)*	*Approximate percentage of shareholding*
Tan Sri Dato' Tan Chee Sing (a brother of Tan Sri Dato' Seri Vincent Tan Chee Yioun)	17,905,000	0.38	-	-	-	-	-	-
Total: Other parties acting in concert with the Offeror (other than the Non-Accepting PACs)	**753,480,329**	**15.98**	**161,040,969**	**10.20**	**-**	**-**	**-**	**-**
Total held by the Offeror and parties acting in concert with it	**3,365,829,834**	**71.39**	**1,525,892,657**	**96.61**	**4,714,810,551**	**100.00**	**1,579,384,218**	**100.00**
Other shareholders/ICULS Holders	1,348,980,717	28.61	53,491,561	3.39	-	-	-	-
Total	4,714,810,551	100.00	1,579,384,218	100.00	4,714,810,551	100.00	1,579,384,218	100.00

As at the Latest Practicable Date, the Company had 17,000,000 outstanding Share Options entitling the Optionholders to subscribe for up to an aggregate of 17,000,000 Shares at an exercise price of HK$1.10 per Share. If the Share Options are exercised in full, the Company will have to issue an additional 17,000,000 Shares, representing approximately 0.36% of the enlarged issued share capital of the Company (assuming that there is no conversion of the ICULS). As at the Latest Practicable Date, Mr. Tan Yeong Sheik, Rayvin, an executive Director, had been granted 500,000 Share Options; Mr. Chuah Choong Heong, the chairman of the Company, who is also a director of the Offeror, had been granted 7,500,000 Share Options; and Ms. Tan Ee Ling, a non-executive Director, who is also a director of certain members of the BCorp Group, had been granted 125,000 Share Options. Apart from the 3,365,829,834 Shares, HK$1,525,892,657 principal amount of the ICULS and the total of 8,125,000 Share Options held by Mr. Tan Yeong Sheik, Rayvin, Mr. Chuah Choong Heong and Ms. Tan Ee Ling, the Offeror and the parties acting in concert with it are not interested in any other securities of the Company.

(b) Directors' interests in the Shares

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein, (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code, were as follows:

(A) Interests in the issued ordinary shares and underlying shares of the Company

Based on the register maintained pursuant to Section 352 of the SFO as at the Latest Practicable Date, the shareholdings of the Directors were as follows:

Name of director	Number of Shares	Number of underlying Shares under the Share Options	Number of underlying Shares upon conversion of ICULS*	Total interest	Approximate percentage of shareholding
Chuah Choong Heong (1)	–	7,500,000	–	7,500,000	0.16%
Tan Yeong Sheik, Rayvin (2)	221,506,972	500,000	227,250,000	449,256,972	9.53%
Chan Kien Sing	–	–	–	–	0.00%
Tan Thiam Chai	–	–	–	–	0.00%
Tan Ee Ling (3)	–	125,000	–	125,000	0.00%
Leou Thiam Lai	–	–	–	–	0.00%
Deng Xiao Lan, Rose	–	–	–	–	0.00%
Massimo Guglielmucci	7,731,599	–	–	7,731,599	0.16%

Notes:

* Including effects of the number of underlying Shares which could be issued upon conversion of the ICULS.

(1) Mr. Chuah Choong Heong held 7,500,000 underlying Shares held in the form of Share Options granted to him on 6 May 2010. As at the Latest Practicable Date, 7,500,000 Shares represented 0.16% of the issued and paid-up share capital of 4,714,810,551 Shares.

(2) Mr. Tan Yeong Sheik, Rayvin held a total of 449,256,972 Shares among which 227,250,000 underlying Shares which could be issued upon conversion of the ICULS and 500,000 underlying Shares held in form of Share Options granted to him on 6 May 2010.

(3) Ms. Tan Ee Ling held 125,000 underlying Shares held in form of Share Options granted to her on 6 May 2010.

(i) Long positions in shares and underlying shares of the Company

Name of director	Capacity	Number of Shares held	Number of underlying Shares under the Share Options of the Company	Number of underlying Shares upon conversion of the ICULS*	Total interest	Approximate percentage of shareholding
Chuah Choong Heong	Beneficial owner	–	7,500,000	–	7,500,000	0.16%
Tan Yeong Sheik, Rayvin *(Note 1)*	Beneficial owner	221,506,972	500,000	227,250,000	449,256,972	9.53%
Tan Ee Ling	Beneficial owner	–	125,000	–	125,000	0.00%
Massimo Guglielmucci	Beneficial owner	7,731,599	–	–	7,731,599	0.16%

* ICULS refers to such 10-year one to three and a half per cent. (1-3.5%) irredeemable convertible unsecured loan securities issued by the Company and listed by way of selectively marketed securities (Stock Code: 4314) on the Stock Exchange with conversion rights to convert them into shares at the conversion price of HK$0.20 per Share.

Note 1: Mr. Tan Yeong Sheik, Rayvin held a total of 449,256,972 Shares including 227,250,000 underlying Shares which could be issued upon conversion of the ICULS and 500,000 underlying Shares which will be issued upon exercise of his Share Options.

(ii) Long positions in shares and underlying shares of associated corporations

(1) BCorp

Name of director	Capacity	Number of Shares held	Number of underlying Shares under derivative interest held	Total interest	Approximate percentage of shareholding
Tan Yeong Sheik, Rayvin	Beneficial owner	316,000	385,000	701,000	0.02%
Chan Kien Sing	Beneficial owner	47,688	–	47,688	0.00%
Leou Thiam Lai	Beneficial owner	300,000	–	300,000	0.01%
Tan Thiam Chai	Beneficial owner/interests of spouse	227,458 *(Note)*	–	227,458	0.01%

Note: Of these shares, 104,164 shares were held by Ms. Lim Beng Poh, the spouse of Mr. Tan Thiam Chai, and were deemed to be interested by Mr. Tan Thiam Chai.

(2) Berjaya Land Berhad

Name of director	Capacity	Number of shares held	Number of underlying shares under derivative interest held	Total interest	Approximate percentage of shareholding
Tan Thiam Chai	Beneficial owner	40,000	–	40,000	0.00%

(3) Berjaya Sports Toto Berhad

Name of director	Capacity	Number of shares held	Number of underlying shares under derivative interest held	Total interest	Approximate percentage of shareholding
Chan Kien Sing	Beneficial owner	3,428	–	3,428	0.00%
Tan Yeong Sheik, Rayvin	Beneficial owner	214,000	–	214,000	0.02%
Tan Thiam Chai	Beneficial owner/ interests of spouse	229,542 *(Note)*	–	229,542	0.02%

Note: Of these shares, 66,000 shares were held by Ms. Lim Beng Poh, the spouse of Mr. Tan Thiam Chai, and were deemed to be interested by Mr. Tan Thiam Chai.

(4) Berjaya Food Berhad

Name of director	Capacity	Number of shares held	Number of underlying shares under derivative interest held	Total interest	Approximate percentage of shareholding
Tan Thiam Chai	Beneficial owner	100,000	100,000	200,000	0.14%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had or were deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein, (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the

Listing Rules, to be notified to the Company and the Stock Exchange, or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(B) Directors' right to acquire Shares

As at the Latest Practicable Date, the Directors' interests in Share Options which remained outstanding were summarised below.

Name of Director	Date of grant	Date of expiry	Number of Share Options outstanding	Number of Shares involved
Chuah Choong Heong	6 May 2010	5 May 2020	7,500,000	7,500,000
Tan Yeong Sheik, Rayvin	6 May 2010	5 May 2020	500,000	500,000
Tan Ee Ling	6 May 2010	5 May 2020	125,000	125,000

(c) As at the Latest Practicable Date, save as disclosed in sub-paragraphs (a) and (b) above:

– none of the Offeror, its directors, BCorp, directors of BCorp or any parties acting in concert with any of them had any interests in or owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;

– there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Offeror or any parties acting in concert with it has borrowed or lent;

– the Company had no interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;

– none of the Directors had any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company or of the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;

– no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the CCL Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code including the Independent Financial Adviser; and

– there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company or any Directors had borrowed or lent.

(d) Save as described in the paragraphs headed "CONFIRMATION OF FINANCIAL RESOURCES" and "IRREVOCABLE UNDERTAKINGS" in the "Letter from CCBI" contained in this Composite Document, there was no arrangement, agreement or understanding between the Offeror and any other person to transfer, charge or pledge the beneficial interests in the Shares, ICULS or Share Options acquired in pursuance of the Offer as at the Latest Practicable Date.

(e) Save as described in the paragraph headed "IRREVOCABLE UNDERTAKINGS" in the "Letter from CCBI" contained in this Composite Document and save as described below, no other person or any Director who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had irrevocably committed themselves to accept or not to accept the Offer as at the Latest Practicable Date.

As at the Latest Practicable Date,

– Mr. Chuah Choong Heong, who is a Director and holds Share Options as disclosed under the section entitled "3. DISCLOSURE OF INTERESTS" in this Appendix, indicated that he intended to accept the Option Offer;

– Mr. Tan Yeong Sheik, Rayvin, who is a Director and holds Shares, Share Options and ICULS as disclosed under the section entitled "3. DISCLOSURE OF INTERESTS" in this Appendix, indicated that he intended to accept the Share Offer, Option Offer and ICULS Offer;

– Ms. Tan Ee Ling, who is a Director and holds Share Options as disclosed under the section entitled "3. DISCLOSURE OF INTERESTS" in this Appendix, indicated that she intended not to accept the Option Offer;

– Mr. Massimo Guglielmucci, who is a Director and holds Shares as disclosed under the section entitled "3. DISCLOSURE OF INTERESTS" in this Appendix, indicated that he intended to accept the Share Offer.

(f) Save as described below, none of the Offeror or any parties acting in concert with it or any associate, had entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person as at the Latest Practicable Date.

The Offeror was informed by BCorp that in connection with the bank facilities obtained by the Offeror to finance the payment of the cash consideration payable in connection with the Offer as described under the paragraph headed "CONFIRMATION OF FINANCIAL RESOURCES" in the "Letter from CCBI" contained in this Composite Document, each of Tan Sri Dato' Seri Vincent Tan Chee Yioun, the chairman of BCorp ("**TSVT**"), Mr. Tan Yeong Sheik, Rayvin (a Director) and Biofield Sdn. Bhd. (a private company of TSVT) has irrevocably undertaken in favour of Malayan Banking Berhad as lender, among others, to not deal with their Shares and ICULS, and to accept the Offer.

(g) There was no agreement or arrangement to which the Offeror is a party in which it may or may not invoke or seek to invoke a condition to the Offer as at the Latest Practicable Date.

(h) As at the Latest Practicable Date, Malayan Banking Berhad had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code as described in paragraph (f) above and by virtue of the charge over the Shares and ICULS as described in the paragraph headed "CONFIRMATION OF FINANCIAL RESOURCES" in the "Letter from CCBI", but it did not hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company as at the Latest Practicable Date, nor had it dealt with any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period. Save as disclosed above, no person had an arrangement of the kind referred to in Note 8 of Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.

(i) As at the Latest Practicable Date, no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of Company were managed on a discretionary basis by fund managers connected with the Company.

4. DEALING IN SECURITIES

(a) During the Relevant Period, the Offeror and Berjaya Leisure (Cayman) Limited which is an indirect subsidiary of BCorp had purchased a total of 64,144,885 Shares at the following prices and on the following dates:

Date	Number of Shares	Price per Share *HK$*
Offeror:		
4 August 2011	190,000	0.91
	220,000	0.92
	40,000	0.93

Date	Number of Shares	Price per Share
		HK$
5 August 2011	420,000	0.88
	200,000	0.89
	1,335,000	0.90
	345,000	0.91
	100,000	0.92
8 August 2011	360,000	0.88
	440,000	0.89
	325,000	0.90
9 August 2011	10,000	0.86
	400,000	0.87
	200,000	0.88
	380,000	0.89
	800,000	0.90
10 August 2011	130,000	0.90
	250,000	0.91
	200,000	0.92
11 August 2011	55,000	0.90
	345,000	0.91
	200,000	0.92
12 August 2011	200,000	0.91
	310,000	0.92
	200,000	0.93
15 August 2011	185,000	0.95
	200,000	0.97
	730,000	0.98
	635,000	0.99
16 August 2011	30,000	0.99
	1,170,000	1.00
	550,000	1.01
17 August 2011	925,000	1.01

Date	Number of Shares	Price per Share *HK$*
18 August 2011	250,000	1.00
	455,000	1.01
	854,885	1.02
19 August 2011	1,070,000	1.00
	2,200,000	1.01
22 August 2011	700,000	1.00
	1,625,000	1.01
23 August 2011	495,000	1.01
	1,315,000	1.02
24 August 2011	1,230,000	1.01
	1,760,000	1.02
	2,295,000	1.03
25 August 2011	170,000	1.03
	800,000	1.04
	5,815,000	1.05
	815,000	1.06
26 August 2011	1,265,000	1.05
	3,950,000	1.06
Total	39,144,885	

Date	Number of Shares	Price per Share HK$
Berjaya Leisure (Cayman) Limited:		
24 October 2011	5,000	0.95
	10,000	0.96
	55,000	0.98
	55,000	0.99
	225,000	1.00
	55,000	1.01
25 October 2011	1,200,000	1.00
	6,520,000	1.01
	3,860,000	1.02
26 October 2011	1,410,000	1.02
	3,540,000	1.03
	1,605,000	1.04
	960,000	1.05
27 October 2011	1,840,000	1.03
	3,555,000	1.04
28 October 2011	105,000	1.03
Total	25,000,000	

(b) (i) During the Relevant Period, Mr. Tan Yeong Sheik, Rayvin had sold a total of 960,000 Shares at the following prices and on the following dates:

Date	Number of Shares	Price per Share HK$
26 January 2011	150,000	0.96-0.97
27 January 2011	300,000	0.96-0.97
28 January 2011	310,000	0.96-0.97
11 February 2011	100,000	0.93
14 February 2011	100,000	0.94-0.95
	960,000	

(ii) During the Relevant Period, Tan Sri Dato' Tan Chee Sing' (a brother of Tan Sri Dato' Seri Vincent Tan Chee Yioun) had purchased a total of 17,905,000 Shares at the following prices and on the following dates:

Date	**Number of Shares**	**Price per Share** *HK$*
28 April 2011	12,600,000	0.85
28 April 2011	5,305,000	0.85
Total	17,905,000	

(iii) During the Relevant Period, Datin Leow Huei Hsien, the spouse of Dato' Robin Tan Yeong Ching, had purchased a total of 1,300,000 Shares at the following prices and on the following dates:

Date	**Number of Shares**	**Price per Share** *HK$*
6 April 2011	170,000	0.8594
7 April 2011	500,000	0.9256
8 April 2011	630,000	0.9395
Total	1,300,000	

– save as disclosed above, none of the Directors, BCorp and directors of BCorp or any other concert parties of the Offeror (including the Non-Accepting PACs) had dealt in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

– no person with whom the Offeror, BCorp or any parties acting in concert with any of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt for value in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

– none of the Offeror, BCorp or any parties acting in concert with any of them had borrowed or lent any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company during the Relevant Period; and

– none of the Non-Accepting PACs had borrowed or lent any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(c) During the Relevant Period,

- the Company did not deal in any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;

- none of the Directors had dealt in any equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;

- none of the subsidiaries of the Company or a pension fund of any member of the CCL Group or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code including the Independent Financial Adviser had dealt in any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;

- no person with whom the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;

- no fund managers connected with the Company had dealt in any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company; and

- none of the Company or any of the Directors had borrowed or lent any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.

5. MARKET PRICES

(a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$1.10 per Share on 7 February 2012 and HK$0.88 per Share on 4 October 2011, respectively.

(b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period, and (ii) the Latest Practicable Date:

Date	**Closing Price per Share** *(HK$)*
31 January 2011	0.97
28 February 2011	0.91
31 March 2011	0.84
29 April 2011	0.85
31 May 2011	0.79
30 June 2011	0.75
6 July 2011 (Last Trading Day)	0.82
29 July 2011	0.91
31 August 2011	1.00
30 September 2011	0.90
31 October 2011	1.03
30 November 2011	1.00
30 December 2011	1.04
31 January 2012	1.09
Latest Practicable Date	1.10

(c) The Share Offer Consideration represents a premium of approximately 34.1% over the closing price of HK$0.82 per Share as quoted on the Stock Exchange on 6 July 2011, being the last full trading day prior to the suspension of trading in the Shares which occurred before the publication of the Original Offer Announcement.

6. LITIGATION

As at the Latest Practicable Date, no member of the CCL Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the CCL Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the CCL Group after the date two years before 7 July 2011, being the date of commencement of the Offer Period, up to and including the Latest Practicable Date, and are or may be material:

(a) sale and purchase agreement dated 13 October 2009 between the Company and the Offeror for the disposal by the Offeror to the Company of 130,028,260 ordinary shares of RM1.00 each in Cosway (M) ("**Cosway (M) Shares**"), representing approximately 83.89% equity interest in Cosway (M), for a consideration of RM838,892,000;

(b) sale and purchase agreement dated 13 October 2009 between the Company and Biofield Sdn. Bhd. ("**Biofield**") for the disposal by Biofield to the Company of 9,471,740 Cosway (M) Shares, representing approximately 6.11% equity interest in Cosway (M), for a consideration of RM61,108,000;

(c) sale and purchase agreement dated 13 October 2009 between the Company and Madison County LLC ("**Madison**") for the disposal by Madison to the Company of 15,500,000 Cosway (M) Shares, representing approximately 10% equity interest in Cosway (M), for a consideration of RM100,000,000;

(d) sale and purchase agreement dated 13 October 2009 between Prime Credit Leasing Sdn. Bhd., Berjaya Sompo Insurance Berhad, Inter-Pacific Securities Sdn. Bhd., Berjaya Hills Berhad, TSVT and Tan Yeong Sheik, Rayvin (collectively, the "**eCosway Vendors**") and the Company for the disposal by the eCosway Vendors to the Company of an aggregate of 2,000,000 ordinary shares of RM1.00 each in eCosway, representing approximately 40% equity interest in eCosway, for a total consideration of RM107,583,706;

(e) loan capitalisation agreement dated 13 October 2009 between the Company and Berjaya Group (Cayman) Limited ("**BCayman**") for the issuance and allotment by the Company of an aggregate of 180,000,000 new Shares to BCayman at par value as consideration for full and final settlement of HK$36,000,000 (or equivalent to about RM16,200,000) being part of the shareholder's loan owing or payable by the Company to BCayman under the loan agreement dated 1 May 2001 (as supplemented by a supplemental loan agreement dated 29 September 2009) entered into between the Company and BCayman, of which the loan capitalisation agreement was completed on 8 December 2009;

(f) the Deed Poll; and

(g) the supplemental deed poll executed by the Company dated 21 October 2010 in supplement to the Deed Poll.

Save as disclosed above, neither the Company nor any of its subsidiaries had, during the period after the date two years before 7 July 2011, being the date of commencement of the Offer Period, up to and including the Latest Practicable Date, entered into any contract which are or may be material, other than contracts in the ordinary course of business of the CCL Group.

8. EXPERTS' QUALIFICATIONS AND CONSENTS

The followings are the qualifications of the experts who have given opinions or advice contained or referred to this Composite Document:

Name	Qualification
CCBI	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to BCorp and the Offeror in respect of the Offer
Somerley	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee in relation to the Offer
Savills Valuation and Professional Services Limited	independent property valuer
Vigers Appraisal & Consulting Limited	independent property valuer
Raine & Horne International Zaki + Partners Sdn. Bhd.	independent property valuer
Magno Smith Gestão Patrimonial Ltda	independent property valuer
Honda Appraiser Joint Firm	independent property valuer

Each of CCBI, Somerley, Vigers Appraisal & Consulting Limited, Savills Valuation and Professional Services Limited, Raine & Horne International Zaki + Partners Sdn. Bhd., Magno Smith Gestão Patrimonial Ltda and Honda Appraiser Joint Firm has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice or report, as the case may be, and reference to its name, in the form and context in which they respectively appear.

9. GENERAL

(a) As at the Latest Practicable Date, no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

(b) As at the Latest Practicable Date, save for described in the paragraphs headed "CONFIRMATION OF FINANCIAL RESOURCES" and "IRREVOCABLE UNDERTAKINGS" in the "Letter from CCBI" contained in this Composite Document and as described below, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with the Offeror and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer. Reference is made to the announcement dated 19 September 2011 by the Company (the "**September Announcement**") in relation to the implementation of the proposed BCorp rights issue. Unless otherwise specified, terms used under this sub-paragraph and the sub-paragraphs (i) to (iii) below shall have the same meaning as defined under the September Announcement and this Composite Document. The Offeror was informed by BCorp that:

(i) BCorp has received irrevocable undertakings from TSVT and Mr. Tan Yeong Sheik, Rayvin (a Director) that they will subscribe in full for their entitlement to the 10-year 5% RM1.00 nominal value of irredeemable convertible unsecured loan stocks to be issued by BCorp pursuant to the proposed rights issue referred to in the September Announcement ("**New BCorp ICULS**"). TSVT has also undertaken to procure his private companies, namely B & B Enterprise Sdn. Bhd., HQZ Credit Sdn. Bhd., Lengkap Bahagia Sdn. Bhd., Nautilus Corporation Sdn. Bhd., HRE, Nostalgia Kiara Sdn. Bhd., Desiran Unggul Sdn. Bhd., Premier Merchandise Sdn. Bhd., Superior Structure Sdn. Bhd. and 7-Eleven Malaysia Sdn. Bhd. (collectively, "**TSVT Private Companies**"), to irrevocably undertake to subscribe in full for their respective entitlements to the New BCorp ICULS (the "**Undertakings**");

(ii) TSVT and Mr. Tan Yeong Sheik, Rayvin have also irrevocably undertaken to subscribe for up to approximately RM105.7 million and RM183.0 million nominal value of New BCorp ICULS respectively through excess applications ("**Additional Undertakings**"). The Additional Undertakings will be fulfilled by TSVT and Mr. Tan Yeong Sheik, Rayvin to the extent they are not taken up or not validly taken up by the other entitled shareholders and/or their renouncees;

(iii) TSVT and his private company, Biofield Sdn. Bhd., and Mr. Tan Yeong Sheik, Rayvin will, assuming their full acceptance of the Offer, utilise part of the consideration to be received under the Offer to subscribe for the New BCorp ICULS pursuant to the Undertakings and Additional Undertakings; and

(iv) In total, TSVT and Mr. Tan Yeong Sheik, Rayvin have irrevocably undertaken to subscribe and TSVT has undertaken to procure the TSVT Private Companies to irrevocably undertake to subscribe for up to RM560.0 million nominal value of New BCorp ICULS pursuant to the Undertakings and Additional Undertakings.

(c) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(d) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

(e) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party in which it may or may not invoke or seek to invoke a condition to the Offer.

10. SERVICE CONTRACTS

Each of Mr. Leou Thiam Lai and Ms. Deng Xiao Lan, Rose entered into a letter of appointment with the Company for service as an independent non-executive Director for a term of two years from 1 July 2010 to 30 June 2012. Pursuant to the said letters of appointment, the annual remuneration of Mr. Leou Thiam Lai and Ms. Deng Xiao Lan, Rose is HK$240,000 respectively without any variable remuneration payable to either of them.

Mr. Massimo Guglielmucci entered into a letter of appointment for service as an independent non-executive Director for a term of three years from 4 March 2011 to 3 March 2014. Pursuant to the said letter of appointment, the annual remuneration of Mr. Massimo Guglielmucci is HK$240,000 without any variable remuneration payable to him.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries or associated companies in force which:

(a) (including but continuous and fixed term contracts) have been entered into or amended within six months before the commencement of the Offer Period;

(b) are continuous contracts with a notice period of 12 months or more; or

(c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) (i) at the office of Deacons at 5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong and will also be displayed on (ii) the website of the SFC (www.sfc.hk) and (iii) the website of the Company (www.coswaycorp.com) from the date of this Composite Document until the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for each of the two years ended 30 April 2011 and the interim report of the Company for the six-month period ended 31 October 2011;

(d) the letter from CCBI, the text of which is set out on pages 8 to 20 of this Composite Document;

(e) the letter from the Board, the text of which is set out on pages 21 to 24 of this Composite Document;

(f) the letter from the Independent Board Committee to the Offer Shareholders, Offer ICULS Holder(s) and Optionholders, the text of which is set out on pages 25 to 27 of this Composite Document;

(g) the letter from Somerley to the Independent Board Committee, the text of which is set out on pages 28 to 60 of this Composite Document;

(h) the written consents from each of the experts referred to in the section headed "8. EXPERTS AND CONSENTS" in this Appendix IV;

(i) the irrevocable undertakings given by each of the Non-Accepting PACs, the text of which is set out on page 15 of this Composite Document;

(j) the letters from each of the Valuers, the text of which is set out on pages 178 to 229 of this Composite Document;

(k) the material contracts referred to in the section headed "7. MATERIAL CONTRACTS" in this Appendix IV;

(l) the service contracts referred to in the section headed "10. SERVICE CONTRACTS" in this Appendix IV; and

(m) the facility agreement dated 2 December 2011 entered into by the Offeror, BCorp and Malayan Banking Berhad.

12. MISCELLANEOUS

(a) The registered office and the principal place of business in Hong Kong of the Company is situated at Unit 1701, 17th Floor, Austin Plaza, 83 Austin Road, Jordan, Kowloon, Hong Kong.

(b) The registered address and correspondence address of the Offeror is at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

(c) The branch share registrar and transfer agent of the Company in Hong Kong is Tricor Secretaries Limited, which is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The registered office of CCBI is situated at 34/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

(e) The registered office of Somerley is situated at 10th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

(f) The English text of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese text in case of inconsistency.