Color Your World

COSWAY CORPORATION LIMITED

(formerly known as Berjaya Holdings (HK) Limited)

(Stock Code: 288)

Annual Report 2010

EXPERIENCE

A Unique Way of Doing Business

Cosway's unique business model is empowering consumers, energizing communities and enriching people's lives all around the world.

ENJOY

Amazing yet Affordable Products

We work with the best researchers, suppliers and manufacturers from around the world to bring you an ever-growing range of top quality products at unbelievable prices.

ENGAGE

In Risk-Free Entrepreneurship

Use our platform to run a smart, risk-free business without boundaries or limitations. If you want to work in your local community, you can apply for one of our FREE STORES!

Contents

Corporate Profile

Cosway Corporation Limited ("Cosway") is a hybrid consumer marketing company that blends the best features of a global network marketing system with the convenience and reach of a wide retail chain. The business began in 1979 as Cosway (M) Sdn. Bhd. ("Cosway M"), a multi level marketing ("MLM") company, and was acquired by Berjaya Group in 1994. In December 2009, Berjaya Holdings (HK) Limited (a subsidiary of the Berjaya Group) completed the acquisition of Cosway M and eCosway.com Sdn. Bhd. ("eCosway") and subsequently changed its name to Cosway Corporation Limited.

Cosway currently markets over 1,900 consumer products solely through our in house brands. The core product categories comprise of health and nutritional supplements, personal care products, water filtration systems, cosmetics and fragrances, skincare, body shaping lingerie, home and car care and food and beverage. Unlike typical MLM companies, Cosway sources almost all of its products from independent manufacturers, leading researchers and ingredient suppliers and as such, the Group is able to capitalise on the advanced technological and scientific innovations of the global manufacturing and research community.

Cosways' products are available at 1,480 exclusive stores located at hypermarkets, high density residential developments, major shopping malls and housing areas throughout Asia and Australia. Growth has also seen an impetus with the recent introduction of our "Free Store" concept, which allows entrepreneurial Cosway members to manage company-owned outlets (hence "free" to the members). These store operators profit from both a commission on sales and with the network marketing system, operators also benefit from multiple levels of commission through sales generated by a hierarchy of members whom they recruit.

We are presently operating in nine countries which are grouped as follows:

- Malaysia, Singapore and Brunei
- Hong Kong, Macau and Taiwan
- Other Countries, consisting of Thailand, South Korea, Indonesia and Australia

Members are also able to conveniently shop and recruit online through our eCosway website (www.eCosway.com), while useful corporate information is also available on the website for investors and the public.

Corporate Information

Directors

Executive Directors

Mr. Chuah Choong Heong
(Chairman and Chief Executive Officer)
Mr. Tan Yeong Sheik, Rayvin

Non-Executive Directors

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

Independent Non-Executive Directors

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

Company Secretary

Mr. Wong Man Hong

Authorised Representatives

Mr. Tan Yeong Sheik, Rayvin
Ms. Tan Ee Ling

Audit Committee

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

Remuneration Committee

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

Auditors

Ernst & Young
Certified Public Accountants

Principal Bankers

Malayan Banking Berhad
AmBank (M) Berhad
OCBC Bank (M) Berhad
Asian Finance Bank Berhad
DBS Bank (Hong Kong) Limited
CITIC Bank International Limited

Registered Office

Unit 1701,
17th Floor, Austin Plaza
83, Austin Road
Jordan, Kowloon
Hong Kong

Share Registrars

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Stock Code

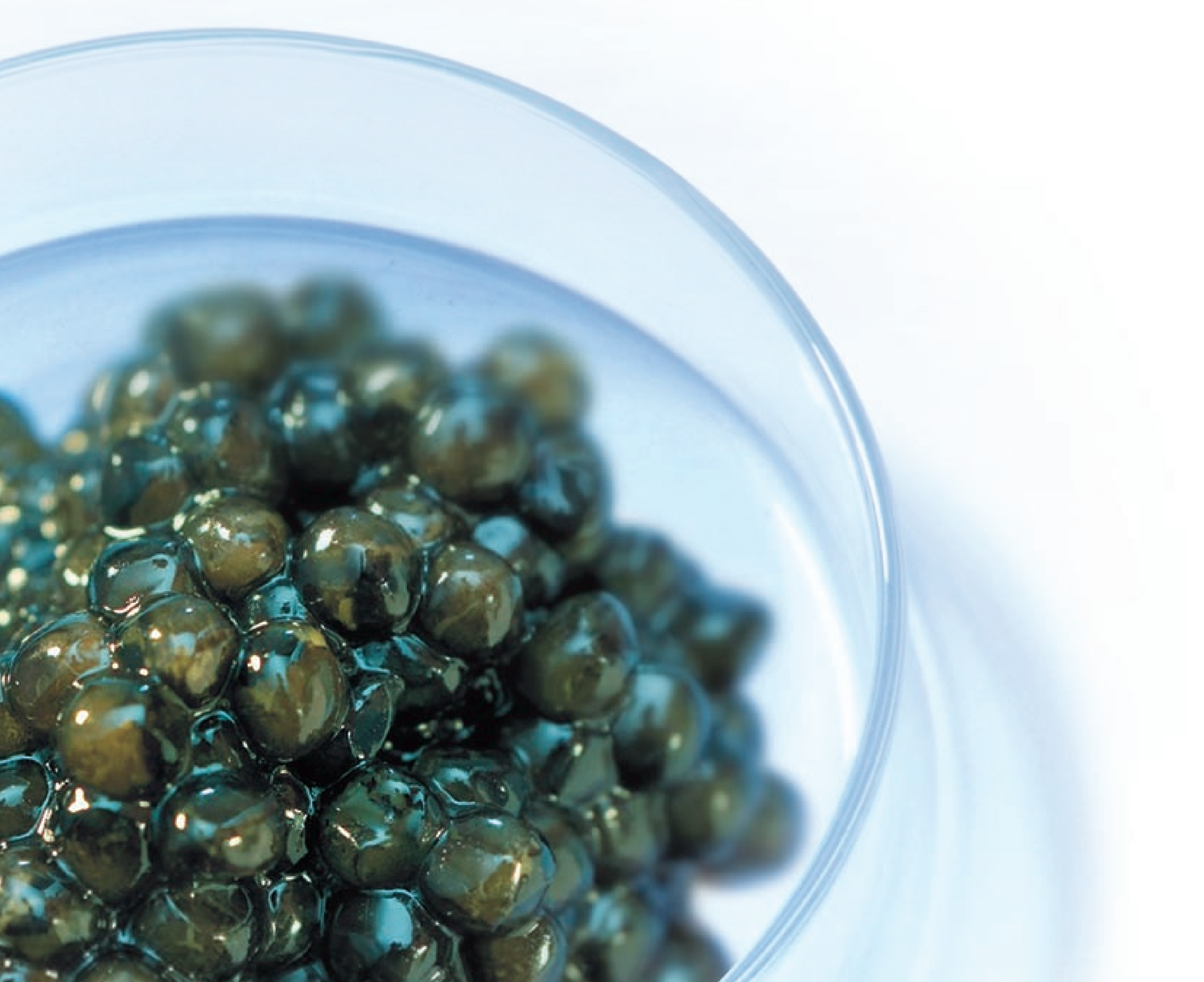
HKEX: 00288

Website

www.coswaycorp.com

Pamper your skin with the all-new Caviar Deluxe from Beautycode Switzerland. Contains unprecedented concentration of nutritive caviar extract to turn back time and give you a more youthful and radiant complexion.

Now, Caviar Deluxe combines the nutritive age-defying properties of caviar extract with 3 other patented powerful ingredients including Biocell™ SOD, Pepha®-Tight and Lactil®, to provide phenomenal results in a shorter time.



Personal Care

beautycode
SWITZERLAND

caviar
DELUXE

The Ultimate Anti-Ageing Solution

Experience the amazing results:

- **Loose, saggy skin is lifted and becomes firmer**
- **Fine lines and wrinkles are noticeably reduced**
- **Dry skin becomes smoother and silkier-to-the-touch**
- **Skin is fully hydrated and moisturised**
- **Complexion glows with youthful luminosity**

Milestones

1979 Cosway (M) Sdn. Bhd. (“Cosway M”) was founded in Malaysia

1995 Our 1st Redemption Centre opened its doors

2001 Cosway M goes Global in 2001 with the launch of eCosway.com

1994 Cosway M becomes a subsidiary of the Berjaya Group

1997 We moved into our new corporate headquarters, Wisma Cosway

Milestones

2006 Successfully launched into Taiwan in 2005 and Hong Kong in 2006

2008 1st Free Franchise Store was launched in Siu Sai Wan, Hong Kong

HKEx 香港交易所

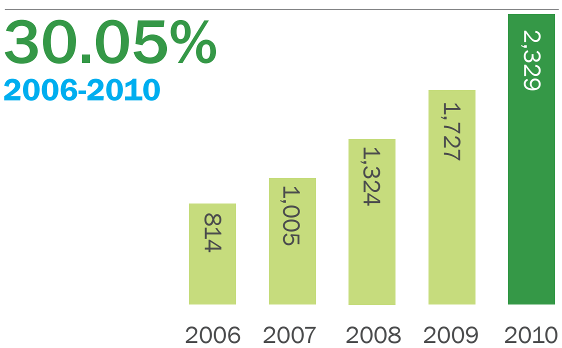
2009 Cosway M was injected into Cosway Corporation Limited in December 2009 which is listed on HKEX

Financial and Operation Highlights

	2010 HK$'000	2009 HK$'000	Increase in percentage (%)
Revenue	2,329,278	1,726,896	34.9%
Gross profit	976,325	669,974	45.7%
Profit for the year	222,225	135,851	63.6%
Total assets	1,747,877	955,844	82.9%
Shareholders' equity	649,463	458,339	41.7%

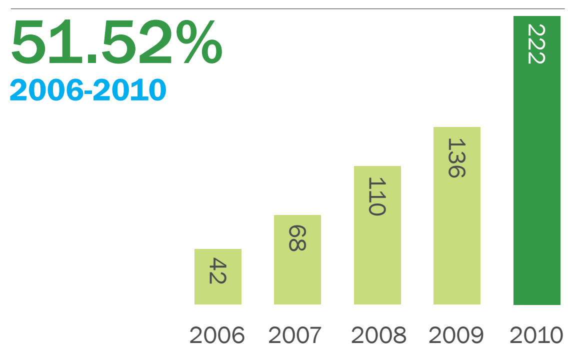
Compound Annual Growth Rate on Revenue

HK$ million

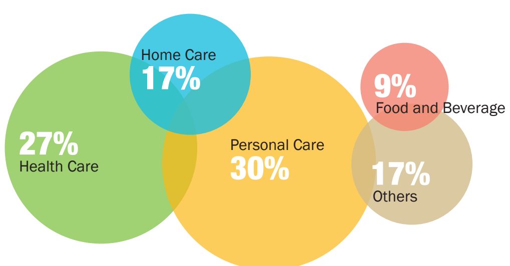


Compound Annual Growth Rate on Profit

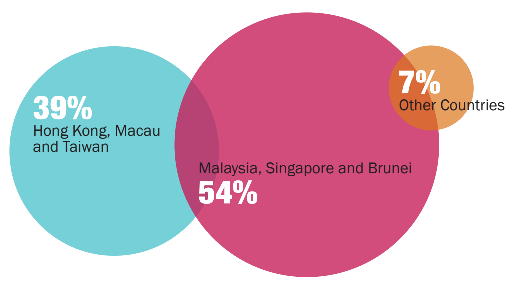
HK$ million



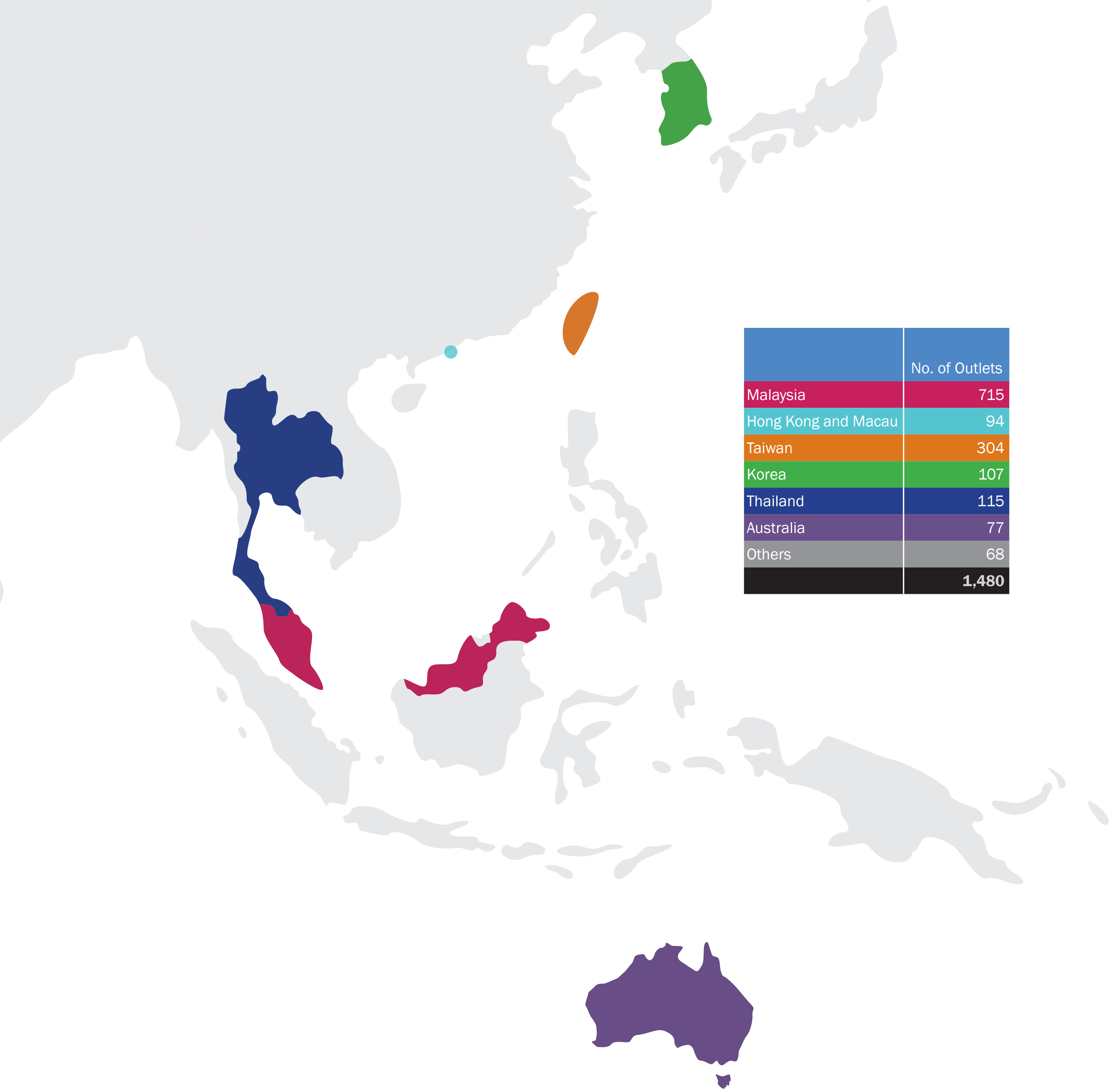
Sales by Products



Sales by Geographical Regions



Geographical Information



	No. of Outlets
Malaysia	715
Hong Kong and Macau	94
Taiwan	304
Korea	107
Thailand	115
Australia	77
Others	68
	1,480

Combines two potent natural antioxidants proven by numerous studies worldwide to work synergistically to effectively fight free radicals and offer extensive natural health benefits.

Health Care

ASTA Pycnogenol

Nature's super antioxidants for well-being, youthfulness & longevity

Great for those who:

- want to be more flexible
- want to have a better complexion and healthier, more youthful skin
- have frequent sun exposure and want to maintain healthy, fair skin
- are under tremendous stress and often stay up late at night
- wish to strengthen their body's immune system
- have physiological problem
- lack focus and concentration
- wish to have a longer life
- smoke and drink alcohol

Chairman's Statement

"A total of 624 new Cosway outlets were opened throughout the year"

On behalf of the Board of Directors of Cosway Corporation Limited, I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 April 2010.

The year 2009/2010 was a challenging time for most companies, including the direct selling and retail industry as a declining economy and higher unemployment resulted in lower disposable income for consumers. While this was true for the period, I am pleased to report that the Group achieved a record revenue for the year and solidified its position as a leading consumer marketing company within the region.

Financial Results

For the year ended 30 April 2010, the Group achieved a revenue of HK$2.3 billion through the sales of health and nutritional supplements, personal care products, cosmetics and fragrances, skincare, body shaping lingerie, home and car care, food and beverages, water systems, and others. This represents a growth of 35% versus the same period in 2009 and subsequently, a 63% increase in our net income. This was mainly achieved through our key markets in Malaysia, Hong Kong and Taiwan as well as our new up and coming markets in Thailand, Korea, and Australia. A total of 624 new Cosway outlets were opened throughout the year in the various countries the Group operates in and these stores were financed entirely by internally generated funds. Our membership base also recorded a significant increase of 35% for the financial year and is poised to rise further with the large number of key leaders/members joining Cosway from other companies. This is a continuing testament to the new "Blue Ocean" strategy adopted by the Group in recent years.

Our "Blue Ocean"* Strategy

When Cosway M was established in 1979, it started out as a simple multi level marketing ("MLM") company. In time, our business model evolved to encompass unique features that differentiated the company from others within the industry. These include a Redemption Program with attractive items that are available below market cost or even for free with the use of loyalty points, an aggressive and frequent promotions program that is uncommon for a MLM business and a "No Breakaway" compensation plan that allowed members to recruit globally. While all this set the Group apart, it did not break new ground until the latest evolution in our business model: the hybrid free franchise stores or 'Free Stores'.

The hybrid model merges the best qualities of the MLM and retail business models. Cosway outlets are now commonly available at high traffic flow areas such as hypermarkets, high density residential developments, major shopping malls and

* "Blue Ocean Strategy" W. Chan Kim and Renée Mauborgne, Harvard Business School Press, 2005

housing areas and cater not only to MLM members but walk in customers and the general public. The competitive pricing of Cosway's merchandise and diverse range of over 1,900 products appeals to all types of consumers and has helped to broaden Cosway's customer base tremendously. Recruitment has also been remarkable as a high percentage of walk in customers convert into members after sampling our products' quality and affordability for themselves. This is all coupled with the 'word of mouth' and 'push' factor of MLM that allows us to introduce unique items to the market that requires extensive explanation and cannot be successfully marketed through normal retail models, adding further to our membership base with the launch of every such product.

63%
increase in net income

Furthermore, as this is a business that thrives on members who recruit more members, Cosway's 'Free Stores' are not manned by the usual unmotivated employees of a retail chain. The operating rights of 'Free Stores' are offered to top performing members who only commit their time and a deposit but have no other financial risk as all costs are borne by the Group. Their motivation levels are unlike any employee as they hope to capture every customer as a member and grow their network further, hence receiving regular and larger commissions as time goes by. Cosway has essentially created a chain store model with an enterprising entrepreneur in every outlet.

Conclusion

Given our unique business model and solid track record, I am confident that the Group will continue to expand regionally and globally at a daunting pace and I am very confident of achieving our goal in becoming a globally recognised leader in both the MLM and retail industry. This is best exemplified by our planned entry into the two enormous consumer markets of the USA and Japan in financial year 2011.

Of course, all this would not have been possible if not for our loyal members, dedicated employees and supportive shareholders. I would like to take this opportunity to thank our many members who have been through thick and thin with the Group and who are responsible for our outstanding results. Similarly, Cosway is staffed with countless dedicated employees who have grown up with the company and we would not be where we are today if not for them.

Last but not least, I would like to thank our supportive shareholders who shared our dreams and believed in our abilities to make them happen. I believe that the trust from our members, employees and shareholders will not be in vain and that they will all be richly rewarded in the years to come.

Chuah Choong Heong
Chairman

Hydrogen water from your tap!

Modern science has now found a way to create hydrogen water from domestic water supplies.

How? With a unique table-top water treatment system, one that infuses your water with abundant hydrogen.

Negatively-charged hydrogen ions (H-) are excellent antioxidants because they readily “donate” their electrons to stabilise free radicals.

Since free radicals are one of the major causes of ageing and getting rid of them is crucial for staying healthy, hydrogen-rich water is therefore incredibly valuable for fighting age-related, degenerative diseases.

Water System

Hexagon™

Alkaline Hydrogen Water Filtration System

The Exciting New Breakthrough for Healthier Drinking Water!

- **Alkaline and hydrogen-rich with antioxidant properties!**
- **Mineralised to support total body health!**
- **Smaller water clusters for better cell absorption!**
- **Clean, safe and tasty water right from your tap!**

Management discussion and analysis

The following management discussion and analysis should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2010.

Summary of Financial Results

Net sales for the year ended 30 April 2010 recorded an increase of 35% to HK$2.329 billion as compared to HK$1.727 billion for the same period in 2009. The increase was primarily due to carefully strategised recruitment activities which led to an increased number of members and "Free Stores" being opened during the period under review.

The Group's Net Income was unfavourably impacted by the Group's first time adoption of HK (IFRIC)-Int 13 – Customer Loyalty Programmes for the year ended 30 April 2010, resulting in a deferment of recognition to subsequent years of HK$10 million to the Group's net income as opposed to a gain of HK$1 million for the same period in 2009. Net Income was further reduced by interest costs of HK$14 million relating to the Irredeemable Convertible Unsecured Loan Securities ("ICULS") issued by the Company on 8 December 2009 as partial consideration of the acquisition of 100% equity interest in Cosway M and 40% equity interest in eCosway ("Cosway Group").

Despite the impact arising from the above, the Group is pleased to report that Net Income for the year ended 30 April 2010 increased 63% to HK$222 million as compared to HK$136 million for the same period in 2009. The increase was primarily driven by the introduction of higher margin products, better economies of scale on sourcing and supplier pricing, more effective cost management; and the fair value gains arising from the revaluation of certain investment properties.

Results of Operations

Year Ended 30 April 2010 compared to Year Ended 30 April 2009

a) Sales by Business Segment

	30 April 2010		30 April 2009		% increase in sales
	HK$'mil	%	HK$'mil	%	%
Direct Selling/Retailing	2,318	99.5%	1,720	99.6%	34.8%
Others	11	0.5%	7	0.4%	57.1%
Total	2,329	100%	1,727	100%	34.9%

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

b) Direct Selling/Retailing by Region

	30 April 2010		30 April 2009		% increase in sales
	HK$'mil	%	HK$'mil	%	%
Malaysia, Singapore and Brunei	1,257	54%	919	53%	36.8%
Hong Kong, Macau and Taiwan	903	39%	768	45%	17.6%
Other Countries	158	7%	33	2%	378.8%
Total	2,318	100%	1,720	100%	34.8%

Malaysia, Singapore and Brunei

The Malaysia, Singapore and Brunei markets continued to enjoy a healthy growth in sales and market share principally through the expansion of our 'Free Store' concept, growth in membership and new product launches. In the Malaysian market, where Cosway has been present for the last 31 years, sales increased by an impressive 37% versus the same period in 2009. The Management believes this is an important example that the new business model, which effectively combines network marketing and retail selling, is capable of generating immense sales in both existing and future markets.

The Malaysia, Singapore and Brunei region reported total revenue of HK$1.3 billion for the financial year 2010, increasing by HK$338 million (equivalent to a growth of 37%) as compared to the same period in 2009. Meanwhile, operating profit rose by 33% from HK$90 million for the year ended 30 April 2009 to HK$120 million for the same period in 2010.

In view of the additional marketing efforts and aggressive opening of new "Free Stores", selling and distribution costs increased for the 2010 financial year, accounting for the difference in growth between sales and operating profit. Nevertheless, Management believes that incremental sales from new stores will contribute positively in the coming financial year, leading to a normalisation of selling and distribution costs as a percentage of sales.

Management discussion and analysis

Hong Kong, Macau and Taiwan

The Hong Kong, Macau and Taiwan region reported total revenue of HK$903 million for the year ended 30 April 2010. Total revenue increased HK$135 million or 18% for the year ended 30 April 2010 as compared to the same period in 2009. Operating profit increased 37% to HK$78 million for the year ended 30 April 2010 compared to the same period in 2009 of HK$57 million. The increase in operating profit for the region is a result of expanded product lines with higher margin products and better cost management via economies of scale.

For Hong Kong and Macau, which comprise the bulk of this region's sales, total revenue increased 18% or HK$84 million, resulting in total revenue of HK$546 million for the year ended 30 April 2010. Operating profit improved by 34% to arrive at HK$59 million compared to HK$44 million as of 30 April 2009. In the coming year, further emphasis will be placed on networking activities throughout the year given the positive results in recent months with the strong recruitment of top leaders from competing companies into Cosway.

Taiwan's revenue improved by 17% to HK$357 million versus 30 April 2009 sales of HK$306 million. Operating profit improved by 46% to arrive at HK$19 million compared to HK$13 million in 30 April 2009. Once again, this was primarily due to the introduction of higher margin products and better cost management.

Other Countries

South Korea and Thailand represent the majority of Other Countries in terms of revenue, with a combined revenue of HK$113 million for the year ended 30 April 2010 against HK$4 million for the year ended 30 April 2009. This represents a more than 27 fold increase in sales and is reflective of the steep growth in new countries.

The substantial improvements in these two markets are mainly due to the success of the new hybrid business model and the introduction of a wider range of products. South Korea is an example of a country with strict import controls but where the Group has successfully introduced 304 unique items to the market and is projected to grow, thanks to improvements made in the product registration process by Cosway employees.

Management discussion and analysis

Sales by Product Category

	Year 2010	Year 2009
CATEGORIES	%	%
Personal Care	30	29
Health Care	27	24
Home Care	17	17
Food & Beverage	9	9
Others	17	21
TOTAL	100	100

The overall sales mix for the Group has been fairly consistent with previous years.

Personal Care was the largest category with a 30% share of the Group's sales. This is due to the wide range of products covered under this category, namely skin care, face and body care, colour cosmetics, hair care and fragrances. Skin care sales in turn made up 20% of the total Personal Care category for the financial year.

Among the bestsellers for the category are Beautycode Switzerland Cell Lift Advance, the Caviar Deluxe skin care range (for lifting and anti-ageing) and the Bioglo Goat's Milk with Pomegranate personal care range.

In addition to this, new products launched in the financial year are showing promising sales. This includes L'élan Vital Organic Skin Care, a certified organic facial care line created from the world's finest botanicals and natural ingredients, as well as Xylin Multi-Action Nano Silver Toothbrush with antibacterial nanosilver proven to kill 99.9% of germs and offers superior brushing performance.

Health Care sales also increased its composition to overall sales from 24% to 27% for financial year 2010. This bodes well for the Company as both Personal Care and Health Care have the highest margins among the various product categories. Among the bestselling Health Care products launched this year are Nn Asta Pycnogenol, Nn SUPA EPA and Oriyen Bio N-zymes.

Management discussion and analysis

Nn Asta Pycnogenol (for anti-ageing and general wellness) combines two of the most potent antioxidants – Pycnogenol® (the only researched French maritime pine bark extract from Horphag Research Ltd., Switzerland) and Astaxanthin-rich Haematococcus. Nn SUPA EPA, on the other hand, is a molecularly distilled and super concentrated Omega-3 supplement from deep sea fish oil that promotes a healthy heart, mind and body. Oriyen Bio N-zymes is a highly bio-available enzyme concentrate made from fermented fruits, herbs, mushrooms and vegetables to help supplement the body's daily enzyme requirement.

Hexagon Water Filtration System sales have also improved quite significantly compared to the previous year. In line with our new product development strategy, a new Hexagon Alkaline Hydrogen Water Filtration System is slated to be launched in the early part of financial year 2011. This new system will produce antioxidant-rich alkaline hydrogen water and will be competitively priced versus other similar products.

Product sales were also strongly supported by Cosway's exciting promotions like monthly special discounts and 'Buy 2, Get 1 Free' offers. Additional Redemption Coupons and Rewards Points were offered that enabled members to redeem great products like innovative kitchenware, branded perfumes, watches, toys and many other items for extremely low prices or even for free. This offer alone drives a steady stream of sales to our stores each month. For example, in Australia, Hong Kong and Taiwan, the Ceramic Bowl Set under this program received an overwhelming response and helped to increase sales further in those respective markets.

Sales Outlets

	As at 30 April 2010			As at 30 April 2009		
	Stockists	Free Stores	TOTAL	Stockists	Free Stores	TOTAL
TOTAL	620	860	1,480	822	236	1,058

The Group's total number of stores increased tremendously to a total of 1,480 stores, mainly due to the "Free Store" concept introduced two years ago. Following on from this success, Management plans to continue with the store expansion program for the 2011 financial year.

Out of the Group's 624 new "Free Stores" opened during the year, 309 of these new stores were opened in the Malaysia and Singapore region. The new store locations were carefully selected to allow greater market penetration as well as greater geographical coverage.

In Malaysia, stores that are at least 1,000 square feet in size or bigger, include redemption centres where attractive redemption products are displayed in the stores to generate a more vibrant shopping environment and hence, more shopping excitement. The factors above contributed to the growth of the Group in its respective markets.

Revenue
2,329
million (HK$)

Revenue

The year under review saw the strengthening of the Group's position as a major global direct selling company as we registered a higher revenue and gross profit of HK$2.329 billion and HK$976 million compared to HK$1.727 billion and HK$670 million last year, respectively, in the face of very challenging economic conditions.

Gross Profit
976
million (HK$)

In most countries, the Group's financial performance was correlated with the notable pace and quantity of store openings as well as our ongoing recruitment drives. Strong demand for store operatorship rights continued to be propelled by Cosway's revolutionary business model and extensive product range. As a result of this and our recruitment drives, we secured a global member base of over 870,000 people, who have now become part of our diverse and expansive marketing force.

Gross Profit

The Group's gross margin climbed to 42% for the year ended 30 April 2010 as compared to 39% in 2009 (the gross margin for 2009 has been adjusted to conform to the adoption of HK (IFRIC)-Int 13). This increase was primarily due to the favourable impact of our growing economies of scale to obtain better pricing from suppliers and has been a continuous trend for the last 5 years. Cosway's all-encompassing range of 1,900 consumer products and our robust product cycle management strategy reduced the Group's risk of overdependence on any one product or category. This is one of our key strengths that differentiate us from our competitors in the industry. The Group's growing international presence and sales track record has also enabled us to take advantage of external expertise for product research and development (R&D) and to partner with leading researchers and manufacturers, thus strengthening our position in the consumer segment.

Management discussion and analysis

Finance Costs

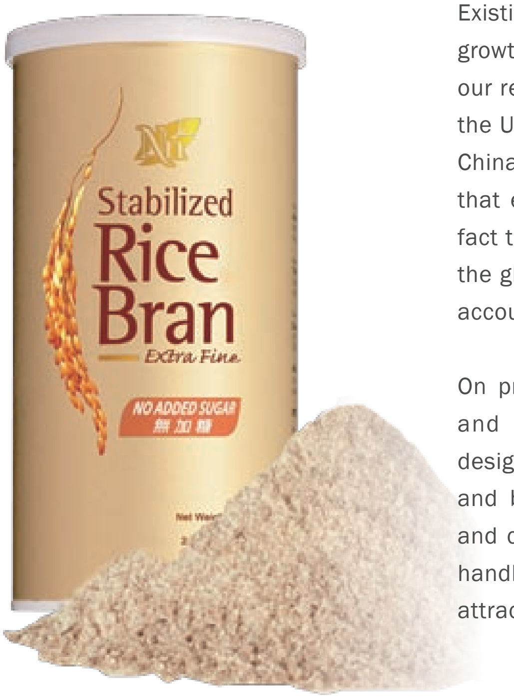
Finance costs have increased by HK$17 million to HK$19 million for the year ended 30 April 2010 as compared to HK$2 million for the same period in 2009. The increase included the interest costs of HK$14 million related to the Irredeemable Convertible Unsecured Loan Securities ("ICULS") issued by the Company on 8 December 2009, for the acquisition of the Cosway Group; and higher average debt balance for the year ended 30 April 2010 as compared to the same period in 2009.

Income Taxes

Income taxes were HK$61 million for the year ended 30 April 2010, as compared to HK$43 million for the same period in 2009. As a percentage of profit before taxation, the effective income tax rate was 22% for the year ended 30 April 2010, as compared to 24% for the same period in 2009. The decrease in the effective income tax rate for the year under review, was primarily due to higher profit contribution from a tax exempted subsidiary.

Future Prospects

For the coming financial year, Management is confident of the continued growth of the business through the expansion of the hybrid business model.



Existing countries are expected to continue contributing positively to the Group's growth as new stores are opened to further improve the convenience and reach of our retail chain. In addition to this, Management plans to enter new markets such as the USA and Japan in financial year 2011. Other new markets such as New Zealand, China and Britain are in the pipeline for the near future. Management is confident that entry into these new markets will propel the Group to record sales, given the fact that just two of these new markets, the USA and Japan, account for over 40% of the global direct selling market. In comparison, Cosway's existing markets combined accounts for only 10% of the global direct selling market.

On product sourcing and development, Management is always looking to develop and introduce products with innovative performance features, benefits and designs. In the pipeline are the expansion of existing ranges of our organic food and beverages; natural skin and body care products; and eco-friendly household and car care products. Furthermore, new product lines such as apparel, shoes and handbags are being progressively introduced to expand our product offering and to attract a wider audience.

With regards to marketing communications, Management plans to continue with its proven formula of consistent communication with its members through direct mail and attractive promotional offers. However, more emphasis will be given in the coming year to brand management within the Group and enhancing the image of the retail stores and the Company as a whole.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well as banking facilities provided by its bankers. As at 30 April 2010, the total cash and cash equivalents was approximately HK$135 million (2009: HK$92 million). As at 30 April 2010, the Group has pledged fixed deposits of HK$1 million (2009: HK$0.4 million) to secure general banking facilities granted to the Group.

The current ratio of the Group was recorded as 1.3 times (2009: 1.5 times) and this was mainly due to an increase in bank borrowings concurrent with the Group's expansion plans in existing and new markets. As at 30 April 2010, the interest-bearing bank loans and other borrowings of the Group repayable within one year and after one year were HK$157 million and HK$9 million respectively (2009: HK$58 million and HK$ Nil respectively).

The Group's gearing ratio, which is interest-bearing bank borrowings less cash and cash equivalents ("Net Debt") divided by the equity attributable to equity holders of the Company plus Net Debt, was approximately 4.5% as at 30 April 2010.

Exposure to Fluctuations in Exchange Rates

With regards to foreign exchange risk, the Group's businesses are predominantly located in Malaysia and Asia Pacific regions. All transactions are conducted in the currency of the various countries of the Group's operations. In addition, purchases are primarily locally sourced and the distribution of inventory is managed in a centralised manner. Therefore, fluctuations of exchange rates of the major regions that the Group operates in against other foreign currencies are not expected to have a significant impact on the Group's results.

Management discussion and analysis

Capital Structure

The Company carried out the following capital reorganisation during the year ended 30 April 2010 as a result of the substantial acquisition of Cosway Group. Details of the transaction were set out in the Company's circular to the shareholders dated 30 October 2009:

(a) the authorised share capital was increased from HK$250,000,000 to HK$4,000,000,000 by the creation of an additional 18,750,000,000 shares of HK$0.20 each;

(b) issuance and allotment of 890,683,666 shares of HK$0.20 each per share as partial consideration for the acquisition of the Cosway Group;

(c) issuance of ICULS in a principal amount of HK$2,190,000,000 as partial consideration for the acquisition of the Cosway Group; and

(d) issuance and allotment of 180,000,000 shares of HK$0.20 each per share pursuant to the Loan Capitalisation Agreement between the Company and Berjaya Group (Cayman) Limited ("BGCL"), a substantial shareholder of the Company. The aforesaid shares issuance was deemed as full and final settlement of HK$36,000,000 being part of the amount due to BGCL.

On 2 April 2010, certain ICULS holders (the "ICULS Holders") elected to convert the ICULS in the principal amount of HK$60,000,000, in aggregate, into new shares of HK$0.20 each per share. As a result of the conversion, the Company allotted and issued 300,000,000 new shares to the ICULS Holders on 13 April 2010.

Material Acquisition, Disposals and Significant Investment

On 1 May 2009, the Group 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 RM19.5 million (approximately HK$47.5 million). On 8 June 2009, the Group acquired the remaining 10% equity interest in GWSB for a total cash consideration of RM2.2 million (approximately HK$6 million).

Other than the acquisition of GWSB and the acquisition of Cosway Group as detailed in the Company's circular to the shareholders dated 30 October 2009, the Group had no other material acquisitions, disposals and significant investment during the year ended 30 April 2010.

Pledged of Assets

As at 30 April 2010, investment properties, freehold land and leasehold land with a net book value of HK$195 million, HK$9 million and HK$6 million (2009: Nil, HK$5 million and HK$7 million) respectively, were pledged to secure banking facilities for the Group.

Contingent Liabilities

Details of the contingent liabilities are set out in note 40 to the financial statements.

Employees and Remuneration Policy

The Group had a total of approximately 1,200 employees as at 30 April 2010.

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

Event after the reporting period

On 6 May 2010, 17,625,000 share options were granted to eligible directors and employees of the Group.

beautycode SWITZERLAND

Cell-Lift Advance

Swiss Cell Therapy For Rejuvenation & Forever-Young Looking Skin

For years, the rich and famous has been flying off to clinics in Switzerland for rejuvenation and anti-ageing treatment of cell therapy injections that reportedly restore and enhance the texture and appearance of their skin.

Now, with Cell-Lift Advance, you can enjoy the skin rejuvenating benefits of Swiss cellular therapy in the comfort of your home.

Developed by a team of skin care experts in Switzerland, in collaboration with a premier cellular therapy clinic, Cell-Lift Advance brings you the best of Swiss expertise in cellular revolution and cosmetology.

Cell-Lift Advance unlocks the secret to forever-young looking skin with its highly concentrated Vegetal Placenta and Bio-Cellular Stimulines Complex (VP-BPS™) proven to visibly lift, firm and revitalise skin with remarkable results.

VP-BPS™...Where Beauty Meets Science
Extracted from the heart of young plants, VP-BCS™ or Vegetal Placenta and Bio-Cellular Stimulines Complex offer one of the richest sources of nutrients and bio-active cells with skin regenerative powers.

Biographical Details of Directors

Executive Directors

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

Mr. Tan Yeong Sheik, Rayvin, aged 31, joined the Group in 2009. He graduated with a Bachelor of Science (First Class Hons) degree in Accounting and Finance from the London School of Economics, United Kingdom, in 2000. During his vocational training as a research intern with Jardine Fleming and Merrill Lynch & Co./Smith Zain Securities, he gained extensive experience in the field of research covering the various sectors of property, commodities, telecommunications and transport. He joined Berjaya Group Berhad and its subsidiaries in May 2001 and was subsequently appointed to the position of Executive Director in May 2002. Currently, he is an Executive Director of Berjaya Corporation Berhad as well as in Berjaya Sports Toto Berhad.

Non-executive Directors

Mr. Chan Kien Sing, aged 54, joined the Group in 1993. He is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Mr. Chan joined Berjaya Group Berhad in 1989 as General Manager, Investment. In 2005, he was appointed as Group Executive Director to the Board of Berjaya Corporation Berhad. He is an Executive Director of Berjaya Corporation Berhad, Berjaya Sports Toto Berhad and Berjaya Media Berhad and he is a Director of Berjaya Assets Berhad and Berjaya Retail Berhad (companies listed on Bursa Malaysia Securities Berhad). He is also a director of various subsidiaries under the Berjaya Corporation Berhad group of companies in Malaysia and in several foreign based companies in Hong Kong, United States of America, Cayman Islands, Singapore and the Republic of Seychelles.

Mr. Tan Thiam Chai, aged 51, joined the Group in 2009, He graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tuanku Abdul Rahman and also completed The Association of Chartered Certified Accountants (UK) professional course in 1981. He is a Fellow member of the Association of Chartered Certified Accountants (UK) since 1990 and also a member of the Malaysian Institute of Accountants. He started work with an accounting firm in Kuala Lumpur for about 2 years and thereafter served in various Finance and Accounting positions with the Hong Leong Group of Companies in Malaysia as well as in Hong Kong for about 8 years. He joined Berjaya Corporation Berhad

Biographical Details of Directors

and its subsidiaries in early 1991 as a Finance Manager of an operating subsidiary and was promoted to Operation Manager later that year. In 1992, he was transferred to the Corporate Head Office of Berjaya Group Berhad to head the Group Internal Audit function and subsequently in 1993, he was promoted to oversee the Group Accounting function of Berjaya Group Berhad. Currently, he is the Chief Financial Officer of Berjaya Corporation Berhad and is heading the Group Accounts & Budgets Division of Berjaya Corporation Berhad and its subsidiaries. He is also an Executive Director of Berjaya Land Berhad and Berjaya Assets Berhad and a director of Magni-Tech Industries Berhad (listed on Bursa Malaysia Securities Berhad) as well as Taiga Building Products Ltd (listed on Toronto Stock Exchange, Canada). He is also a Director of Berjaya Food Berhad, Berjaya Capital Berhad and Cosway Corporation Berhad and holds directorships in several other private limited companies.

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

Independent Non-executive Directors

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

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

Mr. Wong started his public service career on a national level when he was appointed by the Central People’s Government a member of The Basic Law Consultative Committee (1985-1990). He was subsequently appointed by the National People’s Congress as a member of the Preliminary Working Committee for the Hong Kong SAR Preparatory Committee in 1993 and a member of the Hong Kong SAR Preparatory Committee in 1995, which was responsible for the transitional policies and arrangements relating to the establishment of the HKSAR Government.

Biographical Details of Directors

Currently, Mr. Wong is a Deputy to the Eleventh National People's Congress of the PRC, after having been elected three times in the last ten years. He is also a member of the Commission on Strategic Development of the HKSAR Government. Mr. Wong's public service continues through his participation in a number of councils and committees in Hong Kong. He is the Chairman of the Court and Council of the Hong Kong Baptist University; Chairman of Hong Kong International Film Festival Society Limited; Chairman of the Business and Professionals Federation of Hong Kong; a Board Member of HKSAR Airport Authority, Tourism Board and Hong Kong Film Development Council. For his distinguished public service, Mr. Wong was awarded the Silver Bauhinia Star Medal by the Hong Kong SAR Government in 2007. He was educated at Harvard University (MPA), Oxford University, University of Hong Kong (BSoc.Sc.) and Chinese University of Hong Kong.

Mr. Leou Thiam Lai, aged 54, joined the Group in 2004 as an Independent Non-executive Director. He is currently a partner of Leou & Associates, Chartered Accountants, Malaysia. Mr. Leou studied at the Tunku Abdul Rahman College, Kuala Lumpur. Upon graduation, in June 1980, he began his career in a Chartered Accountants firm and subsequently, was the Group Accountant of a public listed company in 1987. He started a risk management agency and, in 1988 upon the approval of his Audit Licence by the Treasury, he started Leou & Associates, a Chartered Accountants Firm. Mr. Leou is a Chartered Accountant of the Malaysian Institute of Accountants, he is also a fellow member of The Association of Chartered Certified Accountants, as well as a fellow member of the Chartered Tax Institute of Malaysia (formerly known as Malaysia Institute of Taxation). At present, Mr. Leou also sits on the Board of DeGem Berhad, United Bintang Berhad, I-Power Berhad, Ramunia Holdings Berhad and Nextnation Communication Berhad.

Ms. Deng Xiao Lan, Rose, aged 47, is the president of DengShi Group Limited. Ms. Deng serves as the Permanent Honorary Chairman of the Hong Kong Friendly Alliance and the Woman's Association of Hong Kong and is also serving as a Political Advisor of Sichuan Province. Ms. Deng graduated with a Bachelor's degree from Jinan University in the Mainland China.

Corporate Governance Report

Corporate Governance Practices

The board of directors of the Company (the "Board") is of the view that corporate governance is vital to the continued success of the Company and has therefore adopted various measures to ensure that a high standard of corporate governance is upheld. With effect from 1 January 2005, the Company has applied the principal and complied with the code provisions in the Code on Corporate Governance Practices (the "Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") save and except certain deviations as more specifically described below. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

Directors

Directors' Securities Transactions

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all directors, they all have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

Board of Directors

The Board comprises:

Executive Directors	:	Mr. Chuah Choong Heong *(Chairman and Chief Executive Officer)*	(appointed on 17 March 2010)
		Mr. Tan Yeong Sheik, Rayvin	
Non-executive Directors	:	Mr. Chan Kien Sing	
		Mr. Tan Thiam Chai	
		Ms. Tan Ee Ling	
Independent Non-executive Directors	:	Mr. Wong Ying Wai, Wilfred	(appointed on 17 March 2010)
		Mr. Leou Thiam Lai	
		Ms. Deng Xiao Lan, Rose	(appointed on 9 April 2010)

Each independent non-executive director has given an annual confirmation of his/her independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

Corporate Governance Report

During the financial year ended 30 April 2010, two Board meetings were held and the attendance of each director is set out as follows:

Name of director	Number of Board meetings attended in the financial year ended 30 April 2010
Mr. Chuah Choong Heong (appointed on 17 March 2010)	1/2
Mr. Tan Yeong Sheik, Rayvin	2/2
Mr. Chan Kien Sing	2/2
Mr. Tan Thiam Chai	2/2
Ms. Tan Ee Ling	2/2
Mr. Wong Ying Wai, Wilfred (appointed on 17 March 2010)	1/2
Mr. Leou Thiam Lai	2/2
Ms. Deng Xiao Lan, Rose (appointed on 9 April 2010)	0/2
Mr. Chin Chee Seng, Derek (resigned on 17 March 2010)	1/2
Ms. Cheng Chi Fan, Vivienne (resigned on 17 March 2010)	1/2
Mr. Wong Man Hong (resigned on 17 March 2010)	0/2
Dato' Lee Ah Hoe (resigned on 17 March 2010)	1/2
Mr. Tan Tee Yong (resigned on 9 April 2010)	1/2

The Board is responsible for the types of decision relating to the following aspects:

- formulation of operational and strategic direction of the Company;
- monitoring the financial performance of the Company;
- overseeing the performance of the management;
- ensuring a prudent and effective framework of internal control is in place to enable risks to be assessed and managed; and
- setting the Company's values and standards.

while daily operation and administration are delegated to the management.

The Directors come from diverse business and professional backgrounds rendering valuable expertise and experience for promoting the best interests of the Group and its shareholders as a whole by taking care of the interests of all the shareholders and that issues are considered in a more objective manner.

During the financial year ended 30 April 2010, two Board meetings were held. The agenda accompanying board papers are sent to all directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents. Minutes of every Board meeting are circulated to all directors for their perusal and comments.

Although board meetings are not held quarterly, the Board has its own systems to circulate documents and proposals to the Board members to enable them to express their comments and opinions and make informed decisions on matters to be passed by written resolutions. Draft written resolutions will be circulated to collect comments from Board members before the formal written resolutions are circulated for signatures. The business operations were under management and supervision of the executive directors and senior management who had from time to time held meetings to discuss and resolve all material business and management issues.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

Chairman and Chief Executive

Mr. Chuah Choong Heong ("Mr. Chuah") is the chairman and chief executive officer of the Company who is the founder of Cosway (M) Sdn. Bhd. and is currently the managing director of Cosway (M) Sdn. Bhd. and a director of eCosway.com Sdn. Bhd.. Both Cosway (M) Sdn. Bhd. and eCosway.com Sdn. Bhd. became the wholly-owned subsidiaries of the Company in 2009. Mr. Chuah has vast experience in the marketing of pharmaceuticals and consumer products which is beneficial and of great value to the overall development of the Company. Though Mr. Chuah is the chairman and chief executive officer of the Company, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company nor impair the effective operation of the Group since Mr. Chuah has exercised sufficient delegation in the daily operation of the Group's business as chief executive officer while being responsible for the effective operation of the Board as chairman of the Board. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Chuah and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

Mr. Chan Kien Sing who was the chairman of the Company on the date of the 2009 annual general meeting was unable to attend the 2009 annual general meeting because of other business commitment.

Corporate Governance Report

Appointment and Re-election of Directors

None of the directors (including executive, non-executive director or independent non-executive directors) entered into a service contract with the Company during the financial year. They are appointed subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provision of the articles of association of the Company (the "Articles of Association").

Three directors were newly-appointed by the Board and three existing directors were re-designated as non-executive directors during the financial year. All of them were not appointed for a specific term during the year but are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Articles of Association. Pursuant to Article 115 of the Articles of Association, the newly-appointed directors will retire at the coming annual general meeting of the Company but they will be eligible to stand for re-election at the same meeting.

On 29 June 2010, each independent non-executive director had entered into an appointment letter with the Company for an appointment term from 1 July 2010 to 30 June 2012.

Remuneration of Directors and Senior Management

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 17 October 2005 comprising the three independent non-executive directors. Mr. Wong Ying Wai, Wilfred is the chairman of the Remuneration Committee.

According to the terms of reference of the Remuneration Committee, its major roles and functions are as follows:

(1) To make recommendations to the Board on the policy of the Company and structure for all remuneration of directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

(2) To have the delegated responsibility to determine the specific remuneration package for all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remunerations.

(3) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

(4) To review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.

(5) To review and approve compensation arrangement relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

(6) To ensure that no director or any of his associate is involved in deciding his own remuneration.

Meeting of the Remuneration Committee shall be held at least once a year. During the financial year, no meeting has been held while written resolutions have been passed by the committee to approve the remuneration package of the directors and no change has been proposed to the remuneration policies for the Group. No director or any his/her associates was involved in deciding his/her own remuneration.

Details of the directors' emolument are set out in note 8 to the financial statements.

Accountability and Audit

Financial Reporting

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The directors acknowledge their responsibility to prepare the financial statements that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The Board is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion solely to the shareholders of the Company, as a body, and for no other purpose. A statement by the auditors about their reporting responsibility is set out on page 64 of this Annual Report.

Internal Control and Risk Management

The Board has overall responsibility for the system of internal controls of the Group. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal controls of the Group. Their responsibilities include:

– Approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities.

– Monitoring the compliance with applicable laws and regulations, and also with corporate governance policies.

– Monitoring the quality, timeliness, and content of internal and external reporting.

The Board reviews the effectiveness of the material internal controls of the Group. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 15 December 2000 now comprising three independent non-executive directors. One member has appropriate professional qualifications in accounting and related financial management expertise. No member of the Audit Committee is a member of the former or existing auditors of the Company. Mr. Wong Ying Wai, Wilfred is the chairman of the Audit Committee.

The existing terms of the reference of the Audit Committee, its major role and functions are, amongst others, as follows:

1. To review the half year and annual financial statements before submission to the Board, focusing particularly on:

   (i) any changes in accounting policies and practices;

   (ii) major judgemental areas;

   (iii) significant adjustments resulting from the audit;

   (iv) the going concern assumption;

   (v) compliance with accounting standards; and

   (vi) compliance with stock exchange and legal requirements;

2. To review the external auditor's management letter and management's response;

3. To consider the major findings of internal investigation and management's response; and

4. To consider other topics, as defined by the Board

Two meetings were held in the financial year. The attendance of each member is set out as follows:

Name of director	Number of meetings attended in the financial year ended 30 April 2010
Mr. Wong Ying Wai, Wilfred (appointed on 17 March 2010)	0/2
Mr. Leou Thiam Lai	2/2
Ms. Deng Xiao Lan, Rose (appointed on 9 April 2010)	0/2
Dato' Lee Ah Hoe (resigned on 17 March 2010)	2/2
Mr. Tan Tee Yong (resigned on 9 April 2010)	2/2

At the meetings held during the year, in performing its duties in accordance with its terms of reference, the Audit Committee had reviewed the financial reports and the connected continuing transactions for the year ended 30 April 2009 and six months ended 31 October 2009.

Auditors' Remuneration

During the financial year ended 30 April 2010, the remuneration paid to the Company's auditors, Ernst & Young, is set out as follows:

Services rendered	Fees payable (HK$'000)
Audit services	4,731
Non-audit services	54
	4,785

Health Care

ORIYEN

BioNzyme

Wholesome fruit, vegetable, and herbal drink for vibrant health

This remarkable supplement provides nutritional support for:

- Healthy circulation
- Healthy weight
- Healthy moods
- Healthy skin
- Healthy bowels
- Healthy mind and memory

Taking BioNzyme® daily provides all the fruits, vegetables and whole grains your body desires in a pleasant-tasting liquid form! This helps the user to maintain strength and vitality, and frees the user to live and enjoy the lifestyle desired.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 30 April 2010.

Change of company name

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 23 November 2009 and approved by the Registrars of Companies of Hong Kong, the name of the Company was changed from Berjaya Holdings (HK) Limited to Cosway Corporation Limited on 11 December 2009.

The Chinese name of the Company was changed from 成功控股(香港)有限公司 to 科士威集團有限公司.

Principal activities

The principal activities of the Company are property investment and investment holding. The principal activities of the subsidiaries consist of direct sales of consumer products, property investment and investment holding.

Results and dividends

The Group's profit for the year ended 30 April 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 65 to 192.

The directors recommend the payment of a final dividend of HK1.5 cents per ordinary share in respect of the year to shareholders on the register of members on 30 September 2010.

Summary financial information

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on pages 193 to 194. This summary does not form part of the audited financial statements.

Property, plant and equipment and investment properties

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's investment properties are set out on pages 195 to 196 of the annual report.

Share capital and irredeemable convertible unsecured loan securities

Details of movements in the Company's share capital and irredeemable convertible unsecured loan securities during the year are set out in notes 36 and 35 to the financial statements.

Purchase, redemption or sale of listed securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 37 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 30 April 2010, the Company's reserves available for distribution, calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance, amounted to HK$61,342,000.

Major customers and suppliers

Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year and purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

Report of the Directors

Directors

The directors of the Company during the year were:

Executive Directors

Mr. Chuah Choong Heong *(Chairman and Chief Executive Officer)*	(appointed on 17 March 2010)
Mr. Tan Yeong Sheik, Rayvin	
Mr. Chin Chee Seng, Derek	(resigned on 17 March 2010)
Mr. Wong Man Hong	(resigned on 17 March 2010)
Ms. Cheng Chi Fan, Vivienne	(resigned on 17 March 2010)

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Wong Ying Wai, Wilfred	(appointed on 17 March 2010)
Mr. Leou Thiam Lai	
Ms. Deng Xiao Lan, Rose	(appointed on 9 April 2010)
Dato' Lee Ah Hoe	(resigned on 17 March 2010)
Mr. Tan Tee Yong	(resigned on 9 April 2010)

Mr. Chuah Choong Heong, Mr. Wong Ying Wai, Wilfred and Ms. Deng Xiao Lan, Rose who were appointed by the Board of Directors during the year, will retire at the forthcoming annual general meeting of the Company in accordance with article 115 of the Company's articles of association, but they will be eligible to stand for re-election at the same meeting.

Ms. Tan Ee Ling and Mr. Leou Thiam Lai will also retire by rotation at the forthcoming annual general meeting of the Company in pursuant to articles 110 and 111 of the Company's articles of association and will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Wong Ying Wai, Wilfred, Mr. Leou Thiam Lai and Ms. Deng Xiao Lan, Rose and still considers them to be independent.

Directors' biographies

Biographical details of the directors of the Company are set out on pages 28 to 30 of the annual report.

Directors' service contracts

Each of Independent Non-Executive Directors is currently appointed by the Company under an appointment letter for a term of two years effective from 1 July 2010 which can be terminated by either party giving to the other party not less than 90 days' prior notice.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in contracts

Save as disclosed in note 44 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Report of the Directors

Directors' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation

As at 30 April 2010, the interests of the directors, chief executives and their associates in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies (the "Model Code") in the Listing Rules were as follows:–

(i) Long positions in shares and underlying shares of the Company

Name of director	Capacity	Number of shares held	Number of underlying shares upon conversion of the ICULS*	Total interest	Approximate percentage of shareholding
Tan Yeong Sheik, Rayvin (Note)	Beneficial Owner	12,186,972	437,408,000	449,594,972	22.92%
Chan Kien Sing	Beneficial Owner	–	23,844	23,844	0.00%
Tan Thiam Chai	Beneficial Owner	–	113,729	113,729	0.01%
Leou Thiam Lai	Beneficial Owner	–	150,000	150,000	0.01%

* ICULS refers to a 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 and the conversion price is HK$0.20 per share.

Note: Mr. Tan Yeong Sheik, Rayvin, held a total of 449,594,972 shares including 437,408,000 underlying shares which could be issued by conversion of the ICULS.

(ii) Long positions in shares and underlying shares of associated corporation

(1) Berjaya Corporation Berhad ("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	–	316,000	0.01%
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	10,000	–	10,000	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	165,000	–	165,000	0.01%
Tan Thiam Chai	Beneficial Owner/ interests of spouse	228,543 (Note)	–	228,543	0.02%

Note: Of these shares, 65,000 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.

Report of the Directors

Save as disclosed above, as at 30 April 2010, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the Model Code of the Listing Rules.

Directors' rights to acquire shares or debentures

Save as disclosed in the section "Directors' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above and in the section "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Interests of substantial shareholders and short positions in the shares, underlying shares of the Company

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 April 2010, the Company had been notified of the following interests of the substantial shareholders and short positions in the shares or underlying shares of the Company, being 5% or more of the issued share capital of the Company. These interests are in addition to those disclosed above in respect of the Directors.

Long positions in shares and underlying shares

Name of shareholders	Capacity and nature of interest	Number of shares held	Number of underlying shares upon conversion of the ICULS *	Total interest	Approximate percentage of shareholding
Vincent, Tan Chee Yioun ("TSVT") (Note 1-2)	Interests through controlled corporations/Beneficial Owner	1,443,631,192	7,848,838,487	9,292,469,679	473.69%
Berjaya Corporation Berhad ("BCorp") (Note 2)	Interests through controlled corporations	1,429,317,966	6,378,535,261	7,807,853,227	398.01%
Cosway Corporation Berhad (Note 3)	Interests through controlled corporations/Beneficial owner	958,607,387	6,245,884,686	7,204,492,073	367.25%
United Industrial Services Ltd (Note 4)	Interests through controlled corporation	65,556,447	558,559,081	624,115,528	31.81%
Wan Ming Sun ("Mr. Wan") (Note 5)	Beneficial owner	38,836,626	330,898,807	369,735,433	18.85%
Berjaya Capital Berhad (Note 6)	Interests through controlled corporations	85,915,201	37,719,520	123,634,721	6.30%

* ICULS refers to a 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 and the conversion price is HK$0.20 per share.

Notes:

1. TSVT directly and indirectly controlled approximately 47.77% of the total issued share capital of BCorp as at 30 April 2010. TSVT was deemed to be interested in an aggregate of 9,292,469,679 shares held by BCorp and TSVT himself among which 7,848,838,487 were underlying shares held in form of ICULS which could be converted into ordinary shares.

2. BCorp held a total of 7,807,853,227 shares through Berjaya Group Berhad, Berjaya Group (Cayman) Limited, Berjaya Leisure (Cayman) Limited, Cosway Corporation Berhad, Berjaya Capital Berhad and Berjaya Hills Berhad including 6,378,535,261 underlying shares which could be issued upon conversion of the ICULS.

3. Cosway Corporation Berhad held a total of 7,204,492,073 shares directly and indirectly through its controlled corporations (Biofield Sdn. Bhd. and Singer Malaysia Sdn. Bhd.) including 6,245,884,686 underlying shares which could be issued upon conversion of the ICULS.

4. United Industrial Services Ltd held a total of 624,115,528 shares through its controlled corporation including 558,559,081 underlying shares which could be issued upon conversion of the ICULS.

5. Mr. Wan held 369,735,433 shares among which 330,898,807 were underlying shares held in form of ICULS which could be converted into ordinary shares.

6. Berjaya Capital Berhad held a total of 123,634,721 shares through Prime Credit Leasing Sdn. Bhd., Berjaya Sompo Insurance Berhad, Inter-Pacific Capital Sdn. Bhd. and Inter-Pacific Securities Sdn. Bhd. including 37,719,520 underlying shares which could be issued upon conversion of the ICULS.

Save as disclosed above, as at 30 April 2010, the Company had not been notified of any person's interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

Report of the Directors

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 indentified 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 higher 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.

As at 30 April 2010, no options have been granted under the Scheme.

Directors' interest in competing business

None of the directors is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Continuing connected transactions

During the year ended 30 April 2010, the Group entered into the following connected transactions including continuing connected transactions ("CCT") within the meaning of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Description of the agreements and transactions is set out in the Company's announcement dated 13 October 2009, Company's circular dated 30 October 2009 and the Company's announcement dated 25 May 2010 (collectively refer as to the "Documents"). Capitalised terms used in this section shall have the same meanings as those defined in the Documents, unless the context requires otherwise.

Part A: Continued Connected Transactions under the Listing Rules

I) the following Exempted CCTs and Exempted New CCTs are continuing connected transactions which are subject to reporting and announcement requirements but are exempted from the independent shareholders' approval requirements:

	Title	Agreement date	Contracting parties	Subject of transaction	Caps for year ended 30 April 2010	2010 Transaction amounts
(A)	**Exempted Master Supply of Services Agreement**					
(a)	UMobile Telecom Services Agreement (Note 1)	13 Oct 2009	– the Company – UMobile	supply of telecom services by UMobile Group to the Group	RM74,000 (equivalent to approximately HK$165,000)	RM226,000 (equivalent to approximately HK$508,000)

Report of the Directors

	Title	Agreement date	Contracting parties	Subject of transaction	Caps for year ended 30 April 2010	2010 Transaction amounts
(B)	**Exempted Master Leasing Agreements**					
(a)	BCorp First Master Leasing Agreement in relation to rental receivables by the Group	13 Oct 2009	– the Company – BCorp	leasing of the Cosway Premises by the Group to BCorp Group	RM2,000 (equivalent to approximately HK$5,000)	RM1,550 (equivalent to approximately HK$4,000)
(b)	BLand First Master Leasing Agreement in relation to rental receivables by the Group	13 Oct 2009	– the Company – BLand	leasing of the Cosway Premises by the Group to BLand Group	RM100,000 (equivalent to approximately HK$234,000)	RM96,000 (equivalent to approximately HK$217,000)
(c)	BToto Master Leasing Agreement in relation to rental receivables by the Group	13 Oct 2009	– the Company – BToto	leasing of the Cosway Premises by the Group to BToto Group	RM6,000 (equivalent to approximately HK$13,000)	RM4,000 (equivalent to approximately HK$8,000)
(d)	UMobile Master Leasing Agreement in relation to rental receivables by the Group (Note 1)	13 Oct 2009	– the Company – UMobile	leasing of the Cosway Premises by the Group to UMobile	RM24,000 (equivalent to approximately HK$53,000)	RM34,200 (equivalent to approximately HK$83,000)

	Title	Agreement date	Contracting parties	Subject of transaction	2010 Transaction amounts
(C)	**Exempted New CCT Agreements** (Note 2)				
(a)	BCorp Third Master Supply of Goods Agreement	25 May 2010	– the Company – BCorp	supply of Consumer Products by BCorp Group to the Group	RM2,881,000 (equivalent to approximately HK$6,492,000)
(b)	Singer Master Supply of Goods Agreement	25 May 2010	– the Company – Singer	supply of Consumer Products by Singer to the Group	RM697,000 (equivalent to approximately HK$1,571,000)
(c)	TT Master Supply of Goods Agreement	25 May 2010	– the Company – TT	supply of Consumer Products by TT to the Group	RM262,000 (equivalent to approximately HK$590,000)
(d)	BCorp Logistics Services Agreement	25 May 2010	– the Company – BCorp	supply of Logistics Services by BCorp Group to the Group	RM551,000 (equivalent to approximately HK1,242,000)

Note 1: Due to a lack of sufficient historical transaction amounts for the Company's estimation, the Company has underestimated the Caps for the year ended 30 April 2010. The 2010 Transaction Amounts for the UMobile Telecom Services Agreement and the UMobile Master Leasing Agreement has exceeded the Caps for the financial year. Details of which were disclosed in the Company's announcement dated 25 May 2010.

Note 2: Although agreements under Exempted New CCT Agreements section were entered on 25 May 2010, there were historical transaction amounts of such continuing connected transactions during the year ended 30 April 2010.

Report of the Directors

II) the following Non-Exempted CCTs are continuing connected transactions which are subject to reporting and announcement and the independent shareholders' approval requirements:

	Title	Agreement date	Contracting parties	Subject of transaction	Caps for year ended 30 April 2010	2010 Transaction amounts
(A)	**Non-Exempted Master Leasing Agreements**					
(a)	BCorp Second Master Leasing Agreement in relation to rental payables by the Group	13 Oct 2009	– the Company – BCorp	leasing of the BCorp Premises by the Group from BCorp Group	RM50,000 (equivalent to approximately HK$111,000)	RM46,000 (equivalent to approximately HK$104,000)
(b)	BLand Second Master Leasing Agreement in relation to rental payables by the Group	13 Oct 2009	– the Company – BLand	leasing of the BLand Premises by the Group from BLand Group	RM140,000 (equivalent to approximately HK$312,000)	RM126,000 (equivalent to approximately HK$283,000)
(c)	BAssets Master Leasing Agreement in relation to rental payables by the Group	13 Oct 2009	– the Company – BAssets	leasing of the BAssets Premises by the Group from BAssets Group	RM400,000 (equivalent to approximately HK$891,000)	RM336,000 (equivalent to approximately HK$757,000)
(d)	7-Eleven Master Leasing Agreement in relation to rental payables by the Group	13 Oct 2009	– the Company – 7-Eleven	leasing of the 7-Eleven Premises by the Group from 7-Eleven Group	RM500,000 (equivalent to approximately HK$1,114,000)	RM480,000 (equivalent to approximately HK$1,082,000)

	Title	Agreement date	Contracting parties	Subject of transaction	Caps for year ended 30 April 2010	2010 Transaction amounts
(B)	**Non-Exempted Master Supply of Goods Agreements**					
(a)	BCorp First Master Supply of Goods Agreement	13 Oct 2009	– the Company – BCorp	supply of Cleaning Products by the Group to BCorp Group	RM320,000 (equivalent to approximately HK$713,000)	RM35,000 (equivalent to approximately HK78,000)
(b)	BCorp Second Master Supply of Goods Agreement	13 Oct 2009	– the Company – BCorp	supply of Garments by BCorp Group to the Group	RM900,000 (equivalent to approximately HK$2,005,000)	RM183,000 (equivalent to approximately HK$413,000)
(c)	BLand Master Supply of Goods Agreement	13 Oct 2009	– the Company – BLand	supply of Cleaning Products by the Group to BLand Group	RM1,100,000 (equivalent to approximately HK$2,451,000)	RM768,000 (equivalent to approximately HK$1,731,000)
(d)	BAssets Master Supply of Goods Agreement	13 Oct 2009	– the Company – BAssets	supply of Cleaning Products by the Group to BAssets Group	RM16,000 (equivalent to approximately HK$36,000)	Nil
(e)	Dijaya Master Supply of Goods Agreement	13 Oct 2009	– the Company – Dijaya	supply of Cleaning Products by the Group to Dijaya Group	RM20,000 (equivalent to approximately HK$45,000)	RM11,000 (equivalent to approximately HK$25,000)
(f)	UMobile Master Supply of Goods Agreement	13 Oct 2009	– the Company – UMobile	supply of Telecom Equipment by UMobile Group to the Group	RM163,000 (equivalent to approximately HK$363,000)	RM55,000 (equivalent to approximately HK$123,000)
(g)	7-Eleven Master Supply of Goods Agreement	13 Oct 2009	– the Company – 7-Eleven	supply of Chemical Products by the Group to the 7-Eleven Group	RM410,000 (equivalent to approximately HK$913,000)	RM196,000 (equivalent to approximately HK$442,000)

Report of the Directors

	Title	Agreement date	Contracting Parties	Subject of transaction	Caps for year ended 30 April 2010	2010 Transaction amounts
(C)	**Non-Exempted Master Supply of Services Agreements**					
(a)	BMedia Advertising Services Agreement	13 Oct 2009	– the Company – BMedia	supply of Advertising Services by BMedia Group to the Group	RM1,230,000 (equivalent to approximately HK$2,740,000)	RM418,000 (equivalent to approximately HK$941,000)
(b)	BLand Aircraft Agreement	13 Oct 2009	– the Company – BLand	leasing of Aircraft from BLand Group by the Group	RM960,000 (equivalent to approximately HK$2,139,000)	RM960,000 (equivalent to approximately HK$2,163,000)
(c)	BCorp Mailing Services Agreement	13 Oct 2009	– the Company – BCorp	supply of Mailing Services by BCorp Group to the Group	RM200,000 (equivalent to approximately HK$446,000)	RM150,000 (equivalent to approximately HK$338,000)
(d)	BCorp Printing Services Agreement	13 Oct 2009	– the Company – BCorp	supply of Printing Services by BCorp Group to the Group	RM2,500,000 (equivalent to approximately HK$5,570,000)	RM2,393,000 (equivalent to approximately HK$5,392,000)
(e)	BCorp Courier Services Agreement	13 Oct 2009	– the Company – BCorp	supply of Courier Services by BCorp Group to the Group	RM200,000 (equivalent to approximately HK$446,000)	RM162,000 (equivalent to approximately HK$365,000)
(f)	BCorp Insurance Services Agreement	13 Oct 2009	– the Company – BCorp	supply of Insurance Services by BCorp Group to the Group	RM2,500,000 (equivalent to approximately HK$5,570,000)	RM1,537,000 (equivalent to approximately HK$3,464,000)
(g)	BLand Guard Services Agreement	13 Oct 2009	– the Company – BLand	supply of Guard Services by BLand Group to the Group	RM180,000 (equivalent to approximately HK$401,000)	RM180,000 (equivalent to approximately HK$405,000)

Connected Relationship of the Parties in the above Transactions

BCorp is a controlling shareholder of the Company and hence BCorp is a connected person of the Company pursuant to the Listing Rules.

BLand is an indirect subsidiary of BCorp and hence a connected person of the Company pursuant to the Listing Rules.

BToto is an indirect subsidiary of BCorp and hence a connected person of the Company pursuant to the Listing Rules.

BAssets is an associate of TSVT and an associated company of BCorp and hence a connected person of the Company pursuant to the Listing Rules.

BMedia is an indirect subsidiary of BCorp and hence a connected person of the Company pursuant to the Listing Rules.

UMobile is a company in which TSVT, a connected person of the Company, is a major shareholder. Hence, UMobile is a connected person of the Company pursuant to the Listing Rules.

Dijaya is a company in which Tan Sri Dato' Danny Tan Chee Sing (a brother of TSVT, a connected person of the Company) is a major shareholder. Hence, Dijaya is a connected person of the Company pursuant to the Listing Rules.

TT is a wholly-owned subsidiary of TT Resources Berhad, a company where Tan Sri Dato' Danny Tan Chee Sing (a brother of TSVT, a connected person of the Company) is a major shareholder. Hence, TT is a connected person of the Company pursuant to the Listing Rules.

7-Eleven is a company in which TSVT, a connected person of the Company, is a major shareholder and hence, 7-Eleven is a connected person of the Company pursuant to the Listing Rules.

Singer is a wholly-owned subsidiary of Cosway Corp and hence a connected person of the Company pursuant to the Listing Rules.

Report of the Directors

Reasons for and Benefits of the Transactions

Prior to the completion of the Acquisition, the Cosway Group had various arrangements ("Arrangements") with a number of entities affiliated with BCorp, being connected persons, including (i) the leasing of Cosway Premises to the relevant connected persons, (ii) the renting of premises from the relevant connected persons, (iii) supply of Goods to/from the relevant connected persons, and (iv) supply of Services from the relevant connected persons, all of which fall within the ordinary and usual course of business of the Cosway Group. Upon completion of the Acquisition, the Cosway Group would become subsidiaries of the Company. The Group intends to continue with the relevant services after the Acquisition which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Announcements dated 13 October 2009 and 25 May 2010, and a circular dated 30 October 2009 respectively containing details of the abovementioned continuing connected transactions have been published to the shareholders. The Non-Exempted CCTs were duly approved by the Independent Shareholders of the Company at an extraordinary general meeting held on 23 November 2009.

Pursuant to Rule 14A.38 of the Listing Rules, the auditors have confirmed that the continuing connected transactions contemplated under Part A entered into by the Group for the year ended 30 April 2010:–

(i) have received the approval of the Company's board of directors;
(ii) those transactions involving provision of goods or services by the Group are in accordance with the price policies of the Group;
(iii) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and
(iv) have not exceeded the annual cap disclosed in the relevant announcement/circular of the Company except UMobile Telecom Services Agreement and U Mobile Master Leasing Agreement (Details of which is disclosed in Note 1 of Part A. I.).

The Directors (including the independent non-executive directors) have reviewed and confirmed the continuing connected transactions contemplated under Part A of this section have been entered into:

(i) in the ordinary and usual course of business of the Group;
(ii) on an arm's length basis;
(iii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
(iv) in accordance with the relevant agreement governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Group as a whole.

Connected transactions

Part B: Connected Transactions under the Listing Rules

The Company has entered into the following connected transactions during the financial year:

I. On 13 October 2009, the Company entered into the following SP Agreements to acquire 100% of the Cosway Group (comprising 100% equity interest in Cosway M (including 60% equity interest already held by Cosway M in eCosway) and 40% equity interest in eCosway).

(i) The First Cosway M Agreement

Parties: Cosway Corp, an indirect wholly owned subsidiary of BCorp, as the vendor
The Company, as the purchaser

BCorp is the controlling shareholder of the Company. Hence, Cosway Corp as a wholly-owned subsidiary of BCorp is a connected person of the Company pursuant to the Listing Rules.

Assets transferred:

130,028,260 shares in Cosway M, representing approximately 83.89% of the issued share capital of Cosway M.

Consideration

The consideration of RM838,892,000 (representing approximately HK$1,869,076,504) was satisfied, as to:

(a) RM44.7 million, by cash;

(b) HK$125,083,565, by the issue of 625,417,825 First Tranche Consideration Shares at a price of HK$0.20 per First Tranche Consideration Share; and

(c) HK$1,644.4 million, by the issue of the ICULS in a principal amount of HK$1,644.4 million.

Report of the Directors

(ii) The Second Cosway M Agreement

Parties: Biofield, a wholly owned subsidiary of Cosway Corp, as the vendor
The Company, as the purchaser

Biofield is an indirect subsidiary of BCorp and a connected person of the Company pursuant to the Listing Rules.

Assets transferred:
9,471,740 shares in Cosway M, representing approximately 6.11% of the issued share capital of Cosway M.

Consideration
The aggregate consideration of RM61,108,000 (representing approximately HK$136,150,454) was satisfied on a non-cash basis, as to:

(a) HK$23,150,454 by the issue of 115,752,272 Second Tranche Consideration Shares at a price of HK$0.20 per Second Tranche Consideration Share; and
(b) HK$113.0 million by the issue of the ICULS in a principal amount of HK$113.0 million.

(iii) The Third Cosway M Agreement

Parties: Madison, as the vendor
The Company, as the purchaser

Madison and the ultimate beneficial owner of the Madison are third parties independent of the Company. Though Madison is an independent third party to the Company, information of The Third Cosway M Agreement was included herein for shareholders' information as the completion of the First Cosway M Agreement, the Second Cosway M Agreement and the Third Cosway M Agreement are conditional upon each other.

Assets transferred:
15,500,000 shares in Cosway M, representing 10% of the issued share capital in Cosway M.

Consideration
The aggregate consideration of RM100,000,000 (representing approximately HK$222,802,995) was satisfied on a non-cash basis, as to:

(a) HK$23,402,995 by the issue of an aggregate of 117,014,977 Third Tranche Consideration Shares at a price of HK$0.20 per Third Tranche Consideration Share; and
(b) HK$199.4 million by the issue of the ICULS in a principal amount of HK$199.4 million.

(iv) The eCosway Agreement

Parties: The eCosway Vendors, as the vendors
The Company, as the purchaser

The eCosway Vendors including Prime Credit Leasing Sdn. Bhd., Berjaya Sompo Insurance Berhad, Inter-Pacific Securities Sdn. Bhd., Berjaya Hills Berhad (which were subsidiaries of BCorp and hence connected persons of the Company pursuant to the Listing Rules), TSVT and Mr. Rayvin Tan Yeong Sheik.

TSVT is the controlling shareholder of BCorp and a connected person of the Company pursuant to the Listing Rules. Mr. Rayvin Tan Yeong Sheik being an executive director of the Company and BCorp, and the son of TSVT is also a connected person of the Company under the Listing Rules.

Assets transferred:
2,000,000 shares in eCosway, representing 40% of its equity interest.

Consideration:
The aggregate consideration of RM107,583,706 (representing approximately HK$239,699,718) was satisfied on a non-cash basis, as to:

(a) HK$6,499,718.40 by the issue of an aggregate of 32,498,592 eCosway Consideration Shares at a price of HK$0.20 per eCosway Consideration Share; and
(b) HK$233.2 million by the issue of the ICULS in a principal amount of HK$233.2 million.

Upon completion of the Acquisition, Cosway M and eCosway became wholly owned subsidiaries of the Company. The Board decided to enter into the above acquisitions so that the Company can enter into a direct selling business which can provide an additional source of stable cash flows for the Group.

Report of the Directors

II. The Loan Capitalisation Agreement

On 13 October 2009, the Company entered into a loan capitalisation agreement with BCayman (the then existing controlling shareholder of the Company), pursuant to which the Company and BCayman conditionally agreed that the Company should allot to BCayman 180,000,000 Capitalisation Shares at an issue price of HK$0.20 per Capitalisation Share and BCayman shall accept such Capitalisation Shares in satisfaction of HK$36 million being part of the Indebtedness. Its purpose is to capitalise HK$36 million of the Indebtedness owed by the Group to BCayman into share capital in order to avoid unnecessary cash outflow from the Company and strengthen the financial position of the Group for its continuous development of business.

BCayman as the controlling shareholder of the Company at that time was a connected person of the Company under the Listing Rules.

An announcement and a circular dated 13 October 2009 and 30 October 2009 respectively containing details of the abovementioned connected transactions have been published and dispatched to the Shareholders. The abovementioned connected transactions described in Part I and Part II were duly approved by shareholders at an extraordinary general meeting held on 23 November 2009. All of the above connected transactions were completed on 8 December 2009.

III. Sale of Vehicles

The Group had entered into transactions in relation to sale of Toyota vehicles by Roda Indah to the Group of RM1,466,000 (equivalent to approximately HK$3,303,000) for the year ended 30 April 2010.

Roda Indah is a company in which TSVT, a connected person of the Company, owns a major interest. Roda Indah is therefore a connected person under the Listing Rules.

The consideration for the above transactions had been arrived at after arm's length negotiation between the Group and Roda Indah with reference to the prevailing market prices of the vehicles and were satisfied in cash. Accordingly, the Directors (including the independent non-executive Directors) considered that the terms of such connected transactions were on normal commercial terms, fair and reasonable and were in the interests of the Group and shareholders as a whole.

The details of the aforesaid transactions was set out in the Company's announcement dated 25 May 2010.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Event after the reporting period

Details of the significant event after the reporting period of the Group are set out in note 48 to the financial statements.

Corporate governance

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the financial year ended 30 April 2010 with certain deviations. Details of the corporate governance matters are set out in the Corporate Governance Report of this annual report.

Auditors

Ernst & Young were appointed by the Directors to fill the casual vacancy caused by the resignation of PricewaterhouseCoopers as auditors of the Company in year 2009. There have been no other changes of auditors in the past three years. Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chuah Choong Heong
Chairman

Hong Kong
19 August 2010

Home Care

Non-toxic, Biodegradable ECO-friendly

What makes Ecomax safe & ECO-friendly

- Colourant-free
- Eco-friendly Fragrances
- Recyclable Packaging
- Less Foam
- Ultra-concentrated

Ecomax is a range of eco-friendly household cleaning products that uses exclusively biodegradable ingredients. They are carefully formulated for maximum performance and maximum safety.

Independent Auditors' Report

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安 永

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TO THE SHAREHOLDERS OF COSWAY CORPORATION LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Cosway Corporation Limited set out on pages 65 to 192, which comprise the consolidated and company statements of financial position as at 30 April 2010, and the consolidated income statement, the consolidation statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
19 August 2010

Consolidated Income Statement

Year ended 30 April 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
REVENUE	5	**2,329,278**	1,726,896
Cost of sales		**(1,352,953)**	(1,056,922)
Gross profit		**976,325**	669,974
Other income	5	**15,166**	13,946
Selling and distribution expenses		**(347,972)**	(225,889)
General and administrative expenses		**(332,797)**	(255,906)
Other expenses		**(17,964)**	(20,573)
Fair value gains/(losses) on investment properties		**9,010**	(1,208)
Finance costs	6	**(19,031)**	(1,871)
Share of profits and losses of associates		**373**	80
PROFIT BEFORE TAX	7	**283,110**	178,553
Income tax expense	10	**(60,885)**	(42,702)
PROFIT FOR THE YEAR		**222,225**	135,851
Attributable to:			
Owners of the parent	11	**211,756**	120,937
Minority interests		**10,469**	14,914
		222,225	135,851
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted		**HK$0.04**	HK$0.14

Details of the dividends proposed for the year and paid in the prior year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 30 April 2010

	Note	2010 HK$'000	2009 HK$'000 (Restated)
PROFIT FOR THE YEAR		**222,225**	135,851
OTHER COMPREHENSIVE INCOME			
Share of other comprehensive income of associates		**(2,542)**	–
Exchange differences on translation of foreign operations		**70,102**	(46,812)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**67,560**	(46,812)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**289,785**	89,039
Attributable to:			
Owners of the parent	11	**276,842**	77,436
Minority interests		**12,943**	11,603
		289,785	89,039

Consolidated Statement of Financial Position

30 April 2010

	Notes	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	14	**225,389**	119,500	127,134
Investment properties	15	**264,519**	114,990	130,586
Prepaid land lease payments	16	**9,431**	8,576	9,870
Goodwill	17	**317,395**	9,741	10,953
Interests in associates	19	**10,392**	109	181
Available-for-sale investments	20	**475**	243	278
Deposits	24	**45,167**	28,336	7,505
Deferred tax assets	21	**7,525**	2,523	3,142
Total non-current assets		**880,293**	284,018	289,649
CURRENT ASSETS				
Inventories	22	**581,889**	402,138	258,206
Trade receivables	23	**79,562**	78,172	26,069
Tax recoverable		**1,867**	–	–
Prepayments, deposits and other receivables	24	**66,456**	38,841	36,661
Due from the ultimate holding company	25	**–**	1,137	1,261
Due from a former intermediate holding company	25	**–**	731	–
Due from the former immediate holding company	25	**–**	34,173	888
Due from fellow subsidiaries	26	**1,529**	1,287	1,462
Pledged deposits	27	**1,069**	395	466
Cash and cash equivalents	27	**135,212**	92,275	123,161
		867,584	649,149	448,174
Asset classified as held for sale	28	**–**	22,677	–
Total current assets		**867,584**	671,826	448,174

Consolidated Statement of Financial Position

30 April 2010

	Notes	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
CURRENT LIABILITIES				
Trade payables	29	**260,515**	230,991	168,767
Other payables and accruals	30	**121,906**	85,659	62,520
Defined benefit obligations	31	**41**	52	–
Deferred revenue		**66,500**	49,466	52,341
Interest-bearing bank and other borrowings	32	**157,283**	58,384	8,245
Due to the former immediate holding company	25	**–**	11	–
Due to associates	19	**2,262**	2,328	2,952
Due to fellow subsidiaries	26	**1,040**	788	913
Tax payable		**43,139**	28,058	20,801
Total current liabilities		**652,686**	455,737	316,539
NET CURRENT ASSETS		**214,898**	216,089	131,635
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,095,191**	500,107	421,284
NON-CURRENT LIABILITIES				
Defined benefit obligations	31	**1,353**	985	950
Interest-bearing bank and other borrowings	32	**8,756**	35	561
Loan from a shareholder	34	**11,840**	–	–
Irredeemable convertible unsecured loan securities	35	**391,831**	–	–
Deferred tax liabilities	21	**19,502**	2,834	3,582
Other payables	30	**275**	–	–
Total non-current liabilities		**433,557**	3,854	5,093
Net assets		**661,634**	496,253	416,191

Consolidated Statement of Financial Position

30 April 2010

	Notes	**30 April 2010 HK$'000**	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
EQUITY				
Equity attributable to owners of the parent				
Issued capital	36(a)	**553,400**	332,861	332,861
Equity component of irredeemable convertible unsecured loan securities	35	**1,752,505**	–	–
Reserves	37(a)	**(1,656,442)**	125,478	56,300
		649,463	458,339	389,161
Minority interests		**12,171**	37,914	27,030
Total equity		**661,634**	496,253	416,191

Details of the dividends proposed for the year and paid in the prior year are disclosed in note 12 to the financial statements.

CHUAH CHOONG HEONG
Director

TAN YEONG SHEIK, RAYVIN
Director

Consolidated Statement of Changes in Equity

Year ended 30 April 2010

	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	Minority interests HK$'000	Total equity HK$'000
As restated										
At 1 May 2009										
As previously reported	332,861	(42,554)	2,984	–	–	–	171,394	464,685	37,914	502,599
Prior year adjustments (note 2.2)	–	314	–	–	–	–	(6,660)	(6,346)	–	(6,346)
As restated	332,861	(42,240)	2,984	–	–	–	164,734	458,339	37,914	496,253
Total comprehensive income for the year	–	67,628	–	(2,542)	–	–	211,756	276,842	12,943	289,785
Acquisition of subsidiaries (note 36)	118,039	–	–	–	(2,058,762)	–	–	(1,940,723)	10,199	(1,930,524)
Acquisition of minority interests (note 36)	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 36)	36,000	–	–	–	–	–	–	36,000	–	36,000
Conversion of irredeemable convertible unsecured loan securities (note 36)	60,000	–	–	–	–	(49,216)	–	10,784	–	10,784
Dividends paid to minority 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

* These reserve accounts comprise the consolidated negative reserves of HK$1,656,442,000 (2009: positive reserves of HK$125,478,000; 2008: positive reserves of HK$56,300,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

Year ended 30 April 2010

	Attributable to owners of the parent						
	Issued capital	Exchange fluctuation reserve	Capital reserve	Retained profits	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As restated							
At 1 May 2008							
As previously reported	332,861	1,837	2,984	59,745	397,427	27,030	424,457
Prior year adjustments (note 2.2)	–	(576)	–	(7,690)	(8,266)	–	(8,266)
As restated	332,861	1,261*	2,984*	52,055*	389,161	27,030	416,191
Total comprehensive income for the year	–	(43,501)	–	120,937	77,436	11,603	89,039
Dividends paid to minority shareholders	–	–	–	–	–	(719)	(719)
Interim 2009 dividends (note 12)	–	–	–	(8,258)	(8,258)	–	(8,258)
At 30 April 2009	332,861	(42,240)*	2,984*	164,734*	458,339	37,914	496,253

Consolidated Statement of Cash Flows

Year ended 30 April 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**2,532,523**	1,623,735
Cash paid to suppliers and employees		**(1,555,051)**	(1,142,614)
Cash paid for other operating expenses		**(771,159)**	(422,792)
Cash generated from operations		**206,313**	58,329
Income tax paid		**(51,217)**	(32,290)
Net cash flows from operating activities		**155,096**	26,039
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,155**	821
Purchases of items of property, plant and equipment	14	**(126,243)**	(56,112)
Proceeds from disposal items of property, plant and equipment		**1,044**	1,369
Proceeds from disposal of asset held for sale		**22,677**	–
Acquisition of subsidiaries	38	**(147,493)**	(295)
Acquisition of minority interests		**(6,924)**	–
Net cash flows used in investing activities		**(255,784)**	(54,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(4,695)**	(1,871)
Dividend paid		**–**	(8,258)
Dividend paid to minority shareholders		**(731)**	(719)
Decrease/(increase) in an amount due from the ultimate holding company		**1,276**	(15)
Decrease/(increase) in an amount due from a former intermediate holding company		**820**	(731)
Changes in balance with the former immediate holding company		**38,327**	(33,372)
Changes in balances with fellow subsidiaries		**71**	(11)
Decrease in amounts due to associates		**(350)**	(298)
New loan from a shareholder		**11,137**	–
New bank loans		**96,809**	23,234
Repayment of bank loans		**(526)**	(7,291)
Capital element of hire purchase rental payment		**(28)**	(43)
Net cash flows from/(used in) financing activities		**142,110**	(29,375)

Consolidated Statement of Cash Flows

Year ended 30 April 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**41,422**	(57,553)
Effect on foreign exchange rate changes, net		**7,888**	(8,092)
Cash and cash equivalents at beginning of year		**57,982**	123,627
CASH AND CASH EQUIVALENTS AT END OF YEAR		**107,292**	57,982
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**127,446**	84,122
Non-pledged time deposits with original maturity of less than three months when acquired	27	**7,766**	8,153
Cash and cash equivalents as stated in the statement of financial position		**135,212**	92,275
Deposits with original maturity of less than three months when accepted, pledged as security for bank guarantees	27	**1,069**	395
Bank overdrafts	32	**(28,989)**	(34,688)
Cash and cash equivalents as stated in the statement of cash flows		**107,292**	57,982

Statement of Financial Position

30 April 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**255**	292
Investment properties	15	**68,852**	49,392
Interests in subsidiaries	18	**2,489,599**	–
Interest in an associate	19	**8,200**	8,200
Available-for-sale investments	20	**200**	200
Total non-current assets		**2,567,106**	58,084
CURRENT ASSETS			
Trade receivables	23	**29**	9
Prepayments, deposits and other receivables	24	**362**	305
Dividend receivable		**70,303**	–
Cash and cash equivalents	27	**412**	88
Total current assets		**71,106**	402
CURRENT LIABILITIES			
Other payables and accruals	30	**3,260**	630
Due to a former related company	26	**–**	118
Due to subsidiaries	18	**4,786**	1,288
Interest-bearing bank borrowings	32	**180**	180
Tax payable		**1,400**	–
Total current liabilities		**9,626**	2,216
NET CURRENT ASSETS/(LIABILITIES)		**61,480**	(1,814)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,628,586**	56,270

Statement of Financial Position

30 April 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
NON-CURRENT LIABILITIES			
Other payables	30	**275**	259
Interest-bearing bank borrowings	32	**6,165**	6,345
Loan from a shareholder	34	**11,840**	28,895
Irredeemable convertible unsecured loan securities	35	**391,831**	–
Total non-current liabilities		**410,111**	35,499
Net assets		**2,218,475**	20,771
EQUITY			
Issued capital	36(b)	**392,346**	118,210
Equity component of irredeemable convertible unsecured loan securities	35	**1,752,505**	–
Reserves	37(b)	**73,624**	(97,439)
Total equity		**2,218,475**	20,771

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

CHUAH CHOONG HEONG
Director

TAN YEONG SHEIK, RAYVIN
Director

Notes to Financial Statements

30 April 2010

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 ("B Corp"), 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 assets held for sale are stated at the lower of their carrying amounts and fair values 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 ("Cosway Corp"), Biofield Sdn. Bhd. ("Biofield"), an indirect subsidiary of Cosway Corp, and Madison County LLC, an independent third party, (collectively the "Cosway M Vendors") for the acquisition of 83.89%, 6.11% and 10% 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 Rayvin Tan Yeong Sheik (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.

2.1 Basis of preparation *(continued)*

Reverse acquisition *(continued)*

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 constitutes a reverse acquisition from an accounting perspective since Cosway Corp has 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;

Notes to Financial Statements

30 April 2010

2.1 Basis of preparation *(continued)*

Reverse acquisition *(continued)*

(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), 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 (note 36). However, the equity structure, being the number and type of shares issued, reflects the equity structure of the Company (the legal parent) including the new shares issued in effecting the Acquisition; and

(iv) the comparative information presented in these consolidated financial statements is that of the Cosway M Group.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 30 April 2010. 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 income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

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 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendment*	Amendment to HKFRS 8 *Operating Segments: Disclosures – Information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which are effective for annual periods beginning on or after 1 July 2009.

Notes to Financial Statements

30 April 2010

2.2 Changes in accounting policy and disclosures *(continued)*

Other than as further explained below regarding the impact of HKAS 1 (Revised), HKFRS 8, HKFRS 8 Amendment, HKFRS 7 Amendments and HK(IFRIC)-Int 13, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

(a) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(b) HKFRS 8 *Operating Segments* and Amendment to HKFRS 8 *Operating Segments: Disclosures – Information about segment assets*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures are shown in note 4 to the financial statements.

The Group has early adopted in these financial statements the Amendment to HKFRS 8 issued in *Improvements to HKFRSs 2009* which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

2.2 Changes in accounting policy and disclosures *(continued)*

(c) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity measurement. The fair value measurement disclosures are presented in note 46 to the financial statements while the revised liquidity risk disclosures are presented in note 47 to the financial statements.

(d) HK(IFRIC)-Int 13 *Customer Loyalty Programmes*

HK(IFRIC)-Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair values and is deferred until the awards are redeemed or the liability is otherwise extinguished. The financial impact of this interpretation, which has been applied retrospectively, upon initial application is summarised below:

	Effect of adopting HK(IFRIC)-Int 13	
	2010	2009
	HK$'000	HK$'000
Effect on consolidated income statement for the year:		
Increase in revenue	**3,380**	8,343
Increase in cost of sales	**(44,270)**	(38,183)
Decrease in selling and distribution expenses	**27,835**	31,213
Decrease/(increase) in income tax expenses	**3,264**	(343)
	(9,791)	1,030

Notes to Financial Statements

30 April 2010

2.2 Changes in accounting policy and disclosures *(continued)*

(d) HK(IFRIC)-Int 13 ***Customer Loyalty Programmes*** *(continued)*

	Effect of adopting HK(IFRIC)-Int 13	
	2010	2009
	HK$'000	HK$'000
Increase/(decrease) in basic and diluted earnings per share (HK cents)	**(0.18)**	0.12
Effect on equity at the beginning of the year:		
Decrease in retained profits	**(6,660)**	(7,690)
Increase/(decrease) in exchange fluctuation reserve	**314**	(576)
	(6,346)	(8,266)
Effect on consolidated statement of financial position at the end of the reporting period:		
Increase in deferred tax assets	**5,899**	2,115
Decrease in other payables	**42,901**	41,005
Increase in deferred revenue	**(66,500)**	(49,466)
Decrease in retained profits	**16,451**	6,660
Decrease/(increase) in exchange fluctuation reserve	**1,249**	(314)
	–	–

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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
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*[4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 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*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(continued)*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* and *Improvements to HKFRSs 2010* which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Under the *Improvements to HKFRSs 2009*, the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation. Under the *Improvements to HKFRSs 2010*, the amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while 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 or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] 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 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 interests in subsidiaries are stated at cost less any impairment losses.

2.4 Summary of significant accounting policies *(continued)*

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 interests 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 interests 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 interest in an associate is treated as a non-current asset and is stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed 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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

Goodwill *(continued)*

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005 *(continued)*

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.

Goodwill previously eliminated against consolidated retained profits

Prior to the adoption of the HKICPA's Statement of Standard Accounting Practice 30 "Business Combinations" ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against consolidated retained profits and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Impairment of non-financial assets other than goodwill

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.

2.4 Summary of significant accounting policies *(continued)*

Impairment of non-financial assets other than goodwill *(continued)*

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 any of 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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

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.

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
Buildings	Over the shorter of the lease term 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 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.

2.4 Summary of significant accounting policies *(continued)*

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.

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.

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 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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

Leases *(continued)*

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.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised 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 assets, 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.

2.4 Summary of significant accounting policies *(continued)*

Investments and other financial assets *(continued)*

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 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 operating 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 the 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 valuation 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 valuation 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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments *(continued)*

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. The 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.

2.4 Summary of significant accounting policies *(continued)*

Derecognition of financial assets *(continued)*

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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost *(continued)*

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.

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 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, 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.

2.4 Summary of significant accounting policies *(continued)*

Impairment of financial assets *(continued)*

Available-for-sale financial investments *(continued)*
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 value 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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

Financial liabilities *(continued)*

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.

2.4 Summary of significant accounting policies *(continued)*

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 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, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and 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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

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 an associate, 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 an associate, 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.

2.4 Summary of significant accounting policies *(continued)*

Income tax *(continued)*

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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

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.

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.

2.4 Summary of significant accounting policies *(continued)*

Employee benefits *(continued)*

Defined contribution plans *(continued)*
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.

Notes to Financial Statements

30 April 2010

2.4 Summary of significant accounting policies *(continued)*

Employee benefits *(continued)*

Defined benefit plans *(continued)*

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.

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.

2.4 Summary of significant accounting policies *(continued)*

Foreign currencies *(continued)*

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.

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.

Notes to Financial Statements

30 April 2010

3. Significant accounting judgements and estimates *(continued)*

Judgements *(continued)*

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 or subject to different leases or other contracts, 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.

3. Significant accounting judgements and estimates *(continued)*

Estimation uncertainty *(continued)*

Estimation of fair value of investment properties *(continued)*

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. Particulars of the investment properties held by the Group are set out in note 15 to the financial statements. The carrying amount of investment properties at 30 April 2010 was HK$264,519,000 (2009: HK$114,990,000).

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. Deferred tax assets have not been recognised in respect of certain 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. The carrying amount of deferred tax assets at 30 April 2010 was HK$7,525,000 (2009: HK$2,523,000).

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 2010 was HK$225,389,000 (2009: HK$119,500,000). 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.

Notes to Financial Statements

30 April 2010

3. Significant accounting judgements and estimates *(continued)*

Estimation uncertainty *(continued)*

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 2010 was HK$317,395,000 (2009: HK$9,741,000). Further details are included in note 17 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 its 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 interests 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.

4. Operating segment information *(continued)*

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	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
		(Restated)		(Restated)		(Restated)
Segment revenue						
Sales to external customers	**2,318,137**	1,720,229	**11,141**	6,667	**2,329,278**	1,726,896
Intersegment sales	**–**	–	**3,670**	2,828	**3,670**	2,828
	2,318,137	1,720,229	**14,811**	9,495	**2,332,948**	1,729,724
Reconciliation:						
Elimination of intersegment sales					**(3,670)**	(2,828)
Revenue					**2,329,278**	1,726,896
Segment results	**277,515**	162,199	**9,087**	4,199	**286,602**	166,398
Reconciliation:						
Interest income					**1,155**	821
Unallocated gains					**14,011**	13,125
Finance costs					**(19,031)**	(1,871)
Share of profits and losses of associates					**373**	80
Profit before tax					**283,110**	178,553

Notes to Financial Statements

30 April 2010

4. Operating segment information *(continued)*

	Direct selling/Retailing			Property investment			Total		
Year ended 30 April	**30 April 2010 HK$'000**	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)	**30 April 2010 HK$'000**	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)	**30 April 2010 HK$'000**	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Segment assets	**1,130,356**	815,093	585,051	**273,095**	123,540	126,358	**1,403,451**	938,633	711,409
Reconciliation:									
Interests in associates							**10,392**	109	181
Corporate and unallocated assets							**334,034**	17,102	26,233
Total assets							**1,747,877**	955,844	737,823
Segment liabilities	**445,622**	365,916	284,594	**8,270**	4,364	3,849	**453,892**	370,280	288,443
Reconciliation:									
Corporate and unallocated liabilities							**632,351**	89,311	33,189
Total liabilities							**1,086,243**	459,591	321,632

4. Operating segment information *(continued)*

	Direct selling/Retailing		Property investment		Total	
Year ended 30 April	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
		(Restated)		(Restated)		(Restated)
Other segment information:						
Depreciation	**31,509**	21,134	**132**	118	**31,641**	21,252
Recognition of prepaid land lease payments	**178**	175	**–**	–	**178**	175
Capital expenditure*	**126,255**	56,019	**126,434**	93	**252,689**	56,112
Impairment/(reversal of impairment) of other receivables	**(3,956)**	2,113	**–**	–	**(3,956)**	2,113
Fair value losses/(gains) on investment properties	**–**	–	**(9,010)**	1,208	**(9,010)**	1,208

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

Notes to Financial Statements

30 April 2010

4. Operating segment information *(continued)*

Geographical information

(a) Revenue from external customers

	2010 **HK$'000**	2009 HK$'000 (Restated)
Malaysia, Singapore and Brunei	**1,268,329**	925,949
Hong Kong, Macau and Taiwan	**903,241**	767,780
Other countries	**157,708**	33,167
	2,329,278	1,726,896

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

(b) Non-current assets

	30 April 2010 **HK$'000**	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Malaysia, Singapore and Brunei	**668,747**	194,615	233,486
Hong Kong, Macau and Taiwan	**118,768**	46,568	21,340
Other countries	**84,778**	40,069	31,403
	872,293	281,252	286,229

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:

	2010 HK$'000	2009 HK$'000 (Restated)
Revenue		
Sale of goods	**2,277,442**	1,552,299
Membership fee income	**40,695**	167,930
Gross rental income	**11,141**	6,667
	2,329,278	1,726,896
Other income		
Interest income	**1,155**	821
Others	**14,011**	13,125
	15,166	13,946

6. Finance costs

	Group	
	2010 HK$'000	2009 HK$'000 (Restated)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**4,695**	1,871
Interest on ICULS	**14,336**	–
	19,031	1,871

Notes to Financial Statements

30 April 2010

7. Profit before tax

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

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
Cost of inventories sold		**1,010,030**	727,947
Auditors' remuneration		**2,075**	1,235
Recognition of prepaid land lease payments	16	**178**	175
Depreciation	14	**31,641**	21,252
Minimum lease payments under operating leases on:			
Land and buildings		**67,084**	44,662
Contingent rents of retail shops		**196**	226
Plant and machinery		**419**	251
		67,699	45,139
Employee benefit expenses (including directors' remuneration (note 8)):			
Wages, salaries, allowances and benefits in kind		**144,187**	109,635
Defined contribution scheme		**8,790**	6,642
Defined benefit scheme (note 31)		**216**	197
Pension scheme contributions		**9,006**	6,839
		153,193	116,474
Gross rental income on investment properties		**(11,141)**	(6,667)
Less: Outgoing expenses		**5,750**	2,986
Net rental income		**(5,391)**	(3,681)
Loss on disposal of items of property, plant and equipment		**105**	2,169
Impairment/(reversal of impairment) of trade receivables, net	23	**2,539**	(1,840)
Impairment/(reversal of impairment) of other receivables	24	**(3,956)**	2,113
Impairment of items of property, plant and equipment	14	**–**	282
Impairment of prepaid land lease payments, net	16	**–**	29
Change in fair value of investment properties	15	**(9,010)**	1,208

7. Profit before tax *(continued)*

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

	2010	2009
	HK$'000	HK$'000
		(Restated)
Write-down of inventories to net realisable value	6,005	6,220
Withholding tax on royalty income	2,999	1,217
Foreign exchange differences, net	8,618	3,687

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
	2010
	HK$'000
Fees	922
Other emoluments:	
Salaries, allowances and benefits in kind	1,143
Discretionary performance related bonuses*	371
Pension scheme contributions	144
	1,658
	2,580

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

Notes to Financial Statements

30 April 2010

8. Directors' remuneration *(continued)*

The figures presented above represent the remuneration paid/payable to the directors of the Company for the year ended 30 April 2010.

There was no remuneration paid by the Group to the Company's directors in the prior year as the Company was consolidated into the Group from the current year only.

(a) Independent non-executive directors

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

	Notes	2010 HK$'000
Wong Ying Wai, Wilfred	(i)	–
Leou Thiam Lai		80
Deng Xiao Lan, Rose	(i)	–
Dato' Lee Ah Hoe	(ii)	80
Tan Tee Yong	(ii)	80
		240

Notes:

(i) Wong Ying Wai, Wilfred and Deng Xiao Lan, Rose were appointed as independent non-executive directors of the Company on 17 March 2010 and 9 April 2010, respectively.

(ii) 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.

8. Directors' remuneration *(continued)*

(b) Executive directors and non-executive directors

	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
Cheng Chi Fan, Vivienne	(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) Cheng Chi Fan, Vivienne, 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 (2009: Nil).

Notes to Financial Statements

30 April 2010

9. Five highest paid employees

The five highest paid employees during the year included two (2009: Nil) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2009: five) non-director, highest paid employees for the year are as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
		(Restated)
Salaries, allowances and benefits in kind	**2,462**	7,539
Discretionary performance related bonuses	**437**	2,247
Pension scheme contributions	**202**	906
	3,101	10,692

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

	Number of employees	
	2010	2009
		(Restated)
Nil to HK$1,000,000	**1**	4
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	1
	3	5

10. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

	2010	2009
	HK$'000	HK$'000
		(Restated)
Group:		
Current – Hong Kong		
Charge for the year	**11,770**	8,081
Overprovision in prior years	**(25)**	–
Current – Malaysia		
Charge for the year	**38,391**	29,500
Underprovision/(overprovision) in prior years	**1,208**	(100)
Current – Elsewhere		
Charge for the year	**7,455**	5,019
Underprovision in prior years	**86**	315
Deferred (note 21)	**2,000**	(113)
Total tax charge for the year	**60,885**	42,702

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.

Notes to Financial Statements

30 April 2010

10. Income tax *(continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the 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	
	2010	2009
	HK$'000	HK$'000
		(Restated)
Profit before tax	**283,110**	178,553
Taxation at Hong Kong statutory tax rate of 16.5% (2009: 16.5%)	**46,713**	29,461
Different tax rates in other countries	**10,656**	10,264
Income not subject to tax	**6,743**	(376)
Expenses not deductible for tax	**7,740**	2,811
Tax exempt under MSC status	**(12,233)**	(8,740)
Tax losses not recognised	**249**	8,971
Adjustment in respect of current tax of previous periods	**1,269**	215
Others	**(252)**	96
Tax charge at the Group's effective rate of 21.5% (2009: 23.9%)	**60,885**	42,702

The share of tax attributable to an associate amounting to HK$129,000 (2009: HK$11,000) 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

The profit attributable to owners is dealt with in the financial statements of the Company to the extent of post acquisition profit of HK$157,541,000 for the year ended 30 April 2010 (2009: Nil).

12. Dividends

	2010	2009
	HK$'000	HK$'000
		(Restated)
First interim dividend – Nil (2009: RM1.20 sen) per ordinary share	–	4,129
Second interim dividend – Nil (2009: RM1.20 sen) per ordinary share	–	4,129
	–	8,258

The directors proposed a final dividend of HK1.5 cents (2009: Nil) per share. The estimated total final dividends based on the number of issued shares of 1,961,731,641 at 30 April 2010, is approximately HK$29,426,000. The proposed dividend is not reflected as dividend payable in the financial statements but will be reflected as an appropriation of retained earnings for the year ending 30 April 2011. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The dividends disclosed for the year ended 30 April 2009 represented interim dividends paid by a subsidiary, namely Cosway M, to its previous owner, namely Cosway Corp, out of its retained profits.

Notes to Financial Statements

30 April 2010

13. Earnings per share attributable to ordinary equity holders of the parent

Under the reverse acquisition method of accounting, the 858,185,074 ordinary shares, in aggregate, issued by the Company to effect the Acquisition described in note 2.1 above are deemed to be issued on 1 May 2008 for the purpose of calculating the earnings per share.

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

	2010 **HK$'000**	2009 HK$'000 (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**211,756**	120,937

	2010 **Number of shares (in thousand)**	2009 Number of shares (in thousand) (Restated)
Shares		
Weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued during the year) for the purpose of calculating basic and diluted earnings per share calculation	**5,495,200**	858,185

14. Property, plant and equipment

Group

	Freehold land 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 2010								
At 30 April 2009 and 1 May 2009:								
Cost	27,572	34,423	5,071	59,480	11,542	78,059	24,107	240,254
Accumulated depreciation and impairment	(5,182)	(10,783)	(3,850)	(41,538)	(7,250)	(45,231)	(6,920)	(120,754)
Net carrying amount	22,390	23,640	1,221	17,942	4,292	32,828	17,187	119,500
At 1 May 2009, net of accumulated depreciation and impairment	22,390	23,640	1,221	17,942	4,292	32,828	17,187	119,500
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	–	(791)	(358)	(8,596)	(994)	(18,186)	(2,716)	(31,641)
Exchange realignment	4,091	3,639	120	1,161	178	1,177	1,775	12,141
At 30 April 2010, net of accumulated depreciation and impairment	30,233	27,795	1,114	42,637	5,414	95,260	22,936	225,389
At 30April 2010:								
Cost	36,047	41,161	5,935	98,529	14,792	165,796	34,065	396,325
Accumulated depreciation and impairment	(5,814)	(13,366)	(4,821)	(55,892)	(9,378)	(70,536)	(11,129)	(170,936)
Net carrying amount	30,233	27,795	1,114	42,637	5,414	95,260	22,936	225,389

Notes to Financial Statements

30 April 2010

14. Property, plant and equipment *(continued)*

Group *(continued)*

	Freehold land 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 2009 (as restated)								
At 1 May 2008:								
Cost	58,113	40,136	5,802	54,041	10,419	53,363	21,682	243,556
Accumulated depreciation and impairment	(5,509)	(11,756)	(4,665)	(40,894)	(7,523)	(38,806)	(7,269)	(116,422)
Net carrying amount	52,604	28,380	1,137	13,147	2,896	14,557	14,413	127,134
At 1 May 2008, net of accumulated depreciation and impairment	52,604	28,380	1,137	13,147	2,896	14,557	14,413	127,134
Additions	–	–	540	12,196	2,771	32,971	7,634	56,112
Disposals	–	–	–	(460)	(327)	(1,721)	(981)	(3,489)
Impairment	(282)	–	–	–	–	–	–	(282)
Depreciation provided during the year	–	(728)	(337)	(5,679)	(713)	(11,451)	(2,344)	(21,252)
Exchange realignment	(7,255)	(4,012)	(119)	(1,262)	(335)	(1,528)	(1,535)	(16,046)
Asset included in asset held for sale (note 28)	(22,677)	–	–	–	–	–	–	(22,677)
At 30 April 2009, net of accumulated depreciation and impairment	22,390	23,640	1,221	17,942	4,292	32,828	17,187	119,500
At 30April 2009:								
Cost	27,572	34,423	5,071	59,480	11,542	78,059	24,107	240,254
Accumulated depreciation and impairment	(5,182)	(10,783)	(3,850)	(41,538)	(7,250)	(45,231)	(6,920)	(120,754)
Net carrying amount	22,390	23,640	1,221	17,942	4,292	32,828	17,187	119,500

14. Property, plant and equipment *(continued)*

Company

	Renovation works HK$'000	Furniture and fittings HK$'000	Total HK$'000
30 April 2010			
At 30 April 2009 and 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

Notes to Financial Statements

30 April 2010

14. Property, plant and equipment *(continued)*

Company *(continued)*

	Renovation works HK$'000	Furniture and fittings HK$'000	Total HK$'000
30 April 2009			
At 30 April 2008 and at 1 May 2008:			
Cost	–	357	357
Accumulated depreciation	–	(231)	(231)
Net carrying amount	–	126	126
At 1 May 2008, net of accumulated depreciation	–	126	126
Additions	178	16	194
Depreciation provided during the year	(9)	(19)	(28)
At 30 April 2009, net of accumulated depreciation	169	123	292
At 30 April 2009:			
Cost	178	373	551
Accumulated depreciation	(9)	(250)	(259)
Net carrying amount	169	123	292

The net carrying amount of the Group's property, plant and equipment held under hire purchase contracts included in the total amounts of plant and machinery at 30 April 2010 amounted to HK$39,000 (2009: HK$63,000).

At 30 April 2010, certain of the Group's freehold land and buildings with net book values of approximately HK$8,784,000 (2009: HK$5,063,000) were pledged to secure general banking facilities granted to the Group (note 32(b)(ii)).

The Group's freehold land are situated in Malaysia and Taiwan.

15. Investment properties

	Group	
	2010	2009
	HK$'000	HK$'000
		(Restated)
Carrying amount at beginning of year	**114,990**	130,586
Additions from acquisition of subsidiaries (note 38)	**126,151**	–
Net profit/(loss) from a fair value adjustment	**9,010**	(1,208)
Exchange realignment	**14,368**	(14,388)
Carrying amount at end of year	**264,519**	114,990

	Company	
	2010	2009
	HK$'000	HK$'000
Carrying amount at beginning of year	**49,392**	63,968
Net profit/(loss) from a fair value adjustment	**19,460**	(14,576)
Carrying amount at end of year	**68,852**	49,392

Notes to Financial Statements

30 April 2010

15. Investment properties *(continued)*

Analysis by type and location:

	Group		
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Malaysia			
Freehold	**194,525**	113,925	129,320
Taiwan			
Freehold	**1,142**	1,065	1,266
Hong Kong			
Long term leases	**60,083**	–	–
Medium term leases	**7,800**	–	–
Mainland China			
Long term leases	**969**	–	–
	264,519	114,990	130,586

	Company	
	2010 HK$'000	2009 HK$'000
Hong Kong		
Long term leases	**60,083**	42,388
Medium term leases	**7,800**	6,100
Mainland China		
Long term leases	**969**	904
	68,852	49,392

15. Investment properties *(continued)*

The Group's investment properties situated in Malaysia were revalued on 30 April 2010 by Hartanah Consultants, independent professionally qualified valuers, at HK$194,525,000 on an open market, existing use basis.

The Group' investment properties situated in Taiwan were revalued on 30 April 2010 by Vigers Appraisal & Consulting Limited, independently professionally qualified valuers, at HK$1,142,000 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 2010 by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at HK$68,852,000 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 2010, the Group's and the Company's investment properties with a value of HK$195,484,000 (2009: Nil) and HK$65,233,000 (2009: HK$46,787,000), respectively, were pledged to secure general banking facilities granted to the Group and the Company (note 32(b)(i)). At 30 April 2009, the Group's investment properties with a value of HK$113,925,000 was pledged to secure general banking facilities granted to the former immediate holding company (note 40(b)).

Further particulars of the Group's investment properties are included on pages 195 to 196.

Notes to Financial Statements

30 April 2010

16. Prepaid land lease payments

	Group	
	2010	2009
	HK$'000	HK$'000
		(Restated)
Carrying amount at beginning of year	**8,747**	10,060
Recognised during the year	**(178)**	(175)
Impairment	**–**	(29)
Exchange realignment	**1,049**	(1,109)
Carrying amount at end of year	**9,618**	8,747
Current portion included in prepayments, deposits and other receivables (note 24)	**(187)**	(171)
Non-current portion	**9,431**	8,576

The Group's prepaid land lease payments are situated in Malaysia and are held under the following lease terms:

	Group		
	30 April	30 April	1 May
	2010	2009	2008
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
Long term leases	**2,743**	2,474	2,808
Medium term leases	**6,875**	6,273	7,252
	9,618	8,747	10,060

At 30 April 2010, certain of the Group's leasehold land with net book value of HK$5,509,000 (2009: HK$7,259,000) were pledged to secure general banking facilities granted to the Group (note 32(b)(iii)).

17. Goodwill

Group

	HK$'000
As restated	
Cost and net carrying amount at 1 May 2008	10,953
Exchange realignment	(1,212)
Cost and carrying amount at 30 April 2009 and 1 May 2009	9,741
Acquisition of subsidiaries (note 38(a), (b))	106,934
Acquisition of minority interests	199,532
Exchange realignment	1,188
Cost and net carrying amount at 30 April 2010	317,395

The goodwill arising from business combination amounting to HK$317,395,000 is allocated to the direct selling/retailing business cash-generating unit, which is a reportable segment, 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 cost of capital of 12%.

(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 margin of 20% used is based on the average gross margin achieved in the year immediately before the budgeted 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 5% which is consistent with the long-term average growth rate for the industry.

Notes to Financial Statements

30 April 2010

17. Goodwill *(continued)*

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

(iii) Discount rate

The discount rate of 12% used is 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.

18. Interests in subsidiaries

	Company	
	2010	2009
	HK$'000	HK$'000
Unlisted shares, at cost	**2,491,704**	2,105
Impairment#	**(2,105)**	(2,105)
	2,489,599	–
Due from subsidiaries	**6,569**	6,219
Impairment#	**(6,569)**	(6,219)
	–	–
Due to subsidiaries	**(4,786)**	(1,288)
	2,484,813	(1,288)

An impairment was recognised for 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 are unsecured, interest-free and repayable on demand.

18. Interests in subsidiaries *(continued)*

Particulars of principal subsidiaries are as follows:

Name	Notes	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	(i)	Malaysia	RM155,000,000	100	–	Direct selling of consumer, household and skin care products
Rank Distributors Sdn. Bhd.	(ii)	Malaysia	RM150,000	–	100	Trading of health care products
Kimia Suchi Sdn. Bhd.	(ii)	Malaysia	RM1,500,000	–	82	Investment holding, contract manufacturing and trading of industrial and household cleaning products
Cosway (Cayman) Limited	(ii)	Cayman Islands	US$3,000,000	–	100	Investment holding
Juara Budi Sdn. Bhd.	(ii)	Malaysia	RM2	–	100	Investment holding
eCosway.com Sdn. Bhd.	(iii)	Malaysia	RM5,000,000	40	60	Internet-based direct selling of consumer products
eCosway Pty. Ltd.*	(ii)	Australia	Australian Dollar (“AUD”) 3,500,000	–	100	Direct selling of consumer, household and skin care products

Notes to Financial Statements

30 April 2010

18. Interests in subsidiaries *(continued)*

Name	Notes	Place of incorporation/ registration and operations	Nominal value of issued/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Cosway (HK) Limited	(ii)	Hong Kong	HK$2,000,002	–	100	Direct selling of consumer, household and skin care products
Stephens Properties Sdn. Bhd.	(ii)	Malaysia	RM18,280,000	–	100	Investment holding and property investment
Kimia Suchi Marketing Sdn. Bhd.	(ii)	Malaysia	RM2	–	100	Trading of industrial cleaning products
Cosway (Thailand) Company Limited*	(ii)	Thailand	Thai Baht ("THB") 100,000,000	–	100	Direct selling and trading of consumer products
Cosway (Macau) Company Limited*	(ii)	Macau	Macau Pataca ("MOP") 100,000	–	100	Direct selling of consumer, household and skin care products
Vmart Corp (HK) Limited	(ii)	Hong Kong	HK$2,000,000	–	100	Investment holding
eCosway Korea Inc.*	(ii)	Korea	Korean Won ("KRW") 3,155,000,000	–	100	Direct selling of consumer, household and skin care products

(i) During the year, the Company acquired the entire equity interest in Cosway M through the Acquisition as detailed in note 2.1 to the financial statements.

(ii) These subsidiaries are indirectly held by the Company through its direct interest in Cosway M.

18. Interests in subsidiaries *(continued)*

(iii) Upon the completion of the transactions as detailed in note 2.1 to the financial statements, the Company directly held a 40% equity interest in eCosway and indirectly held a 60% equity interest in eCosway through Cosway M, a wholly-owned subsidiary of the Company.

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

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.

19. Interests in associates

	Group			Company	
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)	**30 April 2010 HK$'000**	30 April 2009 HK$'000
Unlisted shares, at cost	**–**	–	–	**8,200**	8,200
Share of net assets	**10,392**	109	181	**–**	–
	10,392	109	181	**8,200**	8,200

Notes to Financial Statements

30 April 2010

19. Interests in associates *(continued)*

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 share of RM1 each	Malaysia	40	Trading of consumer products
Greenland Timber Industries (Private) Limited*		Ordinary share of Singapore dollar 1.4 each	Singapore	20	Investment holding

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

* Not audited by Ernst & Young Hong Kong or other 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 associates of HK$2,262,000 (2009: HK$2,328,000) as at the end of the reporting period. These balances are unsecured, interest-free and are repayable on demand.

The above table includes the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

19. Interests in associates *(continued)*

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

	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Assets	**77,825**	2,832	3,116
Liabilities	**(26,004)**	(2,437)	(2,525)

	2010 HK$'000	2009 HK$'000 (Restated)
Revenue	**8,180**	1,603
Profit for the year	**3,685**	115

Notes to Financial Statements

30 April 2010

20. Available-for-sale investments

	Group		
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Malaysian listed equity investments, at fair value	**19**	15	22
Club membership, at cost	**256**	228	256
Club debenture, at fair value	**200**	–	–
	475	243	278

	Company	
	2010 HK$'000	2009 HK$'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 them in the near future.

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

21. Deferred tax

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

Deferred tax liabilities

Group

As restated	Depreciation allowance in excess of related deprecation HK$'000	Revaluation of investment properties HK$'000	Other provisions HK$'000	Total HK$'000
At 1 May 2008	1,305	3,050	(773)	3,582
Deferred tax charged/(credited) to the income statement during the year (note 10)	160	(278)	(271)	(389)
Exchange realignment	(120)	(331)	92	(359)
At 30 April 2009 and 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	**5,977**	**14,210**	**(16)**	**20,171**

Notes to Financial Statements

30 April 2010

21. Deferred tax *(continued)*

The movements in deferred tax liabilities and assets during the year are as follows: *(continued)*

Deferred tax assets

Group

As restated	**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 2008					
As previously reported	239	–	–	146	385
Effect of adopting HK(IFRIC)-Int 13 (note 2.2)	–	2,757	–	–	2,757
As restated	239	2,757	–	146	3,142
Deferred tax credited/(charged) to income statement during the year (note 10)	40	(343)	–	27	(276)
Exchange realignment	(27)	(299)	–	(17)	(343)
At 30 April 2009	252	2,115	–	156	2,523
At 1 May 2009					
As previously reported	252	–	–	156	408
Effect of adopting HK(IFRIC)-Int 13 (note 2.2)	–	2,115	–	–	2,115
As restated	252	2,115	–	156	2,523
Deferred tax credited to income statement during the year (note 10)	980	3,264	669	126	5,039
Exchange realignment	83	520	–	29	632
At 30 April 2010	**1,315**	**5,899**	**669**	**311**	**8,194**

21. Deferred tax *(continued)*

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

Deferred tax liabilities

Company	**Revaluation of investment properties** HK$'000
At 1 May 2008	4,535
Deferred tax credited to the income statement during the year	(2,670)
At 30 April 2009 and 1 May 2009	1,865
Deferred tax charged to the income statement during the year	3,200
At 30 April 2010	**5,065**

Notes to Financial Statements

30 April 2010

21. Deferred tax *(continued)*

Deferred tax assets

Company	**Losses available for offsetting against future taxable profits** HK$'000
At 1 May 2008	–
Deferred tax credited to the income statement during the year	1,865
At 30 April 2009 and 1 May 2009	1,865
Deferred tax credited to the income statement during the year	3,200
At 30 April 2010	**5,065**

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	**2010** **HK$'000**	2009 HK$'000
Net deferred tax liabilities recognised in the statement of financial position	**–**	–
Net deferred tax assets recognised in the statement of financial position	**–**	–
	–	–

21. Deferred tax *(continued)*

At the end of the reporting period, the Group and the Company had tax losses of HK$79,114,000 (2009: HK$52,355,000) and HK$19,394,000 (2009: HK$35,978,000), respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. As at 30 April 2010, the Group also had tax losses arising in the Philippines of HK$239,000 (2009: HK$8,177,000) that will expire in three to five years for offsetting against future taxable profits. 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.

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

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

	Group			Company	
	2010	2009	2008	**2010**	2009
	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)	(Restated)		
Tax losses	**79,353**	60,532	68,784	**19,394**	35,978
Deductible temporary differences	**10,591**	9,537	10,658	**–**	–
	89,944	70,069	79,442	**19,394**	35,978

Notes to Financial Statements

30 April 2010

22. Inventories

	Group		
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Raw materials	**2,644**	4,030	2,784
Finished goods	**579,245**	398,108	255,422
	581,889	402,138	258,206

23. Trade receivables

	Group		
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Trade receivables	**105,128**	101,942	54,993
Impairment	**(25,566)**	(23,770)	(28,924)
	79,562	78,172	26,069

	Company	
	2010 HK$'000	2009 HK$'000
Trade receivables	**29**	9

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.

23. Trade receivables *(continued)*

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		
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Current	**59,090**	47,498	20,911
1 to 2 months	**1,426**	9,705	241
2 to 3 months	**1,852**	11,640	1,440
Over 3 months	**17,194**	9,329	3,477
	79,562	78,172	26,069

	Company	
	2010 HK$'000	2009 HK$'000
Within 1 month	**29**	9

Notes to Financial Statements

30 April 2010

23. Trade receivables *(continued)*

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

	Group	
	2010	2009
	HK$'000	HK$'000
		(Restated)
At beginning of year	**23,770**	28,924
Impairment losses recognised/(reversed), net (note 7)	**2,539**	(1,840)
Amount written off as uncollectible	**(738)**	(158)
Exchange realignment	**(5)**	(3,156)
At end of year	**25,566**	23,770

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$25,566,000 (2009: HK$23,770,000) with carrying amount before provision of HK$25,566,000 (2009: HK$23,770,000).

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 2010 and 30 April 2009, and there is no movement in provision for impairment of trade receivables of the Company for the years ended 30 April 2010 and 30 April 2009.

23. Trade receivables *(continued)*

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

	Group		
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Neither past due nor impaired	**44,251**	30,295	15,965
Less than 1 month past due	**14,899**	41,970	5,729
1 to 2 months past due	**1,336**	1,025	248
2 to 3 months past due	**2,082**	846	569
Over 3 months past due	**16,994**	4,036	3,558
	79,562	78,172	26,069

	Company	
	2010 HK$'000	2009 HK$'000
Less than one month past due	**29**	9

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.

Notes to Financial Statements

30 April 2010

24. Prepayments, deposits and other receivables

		Group			Company	
	Note	**30 April 2010 HK$'000**	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)	**30 April 2010 HK$'000**	30 April 2009 HK$'000
Prepayments		**10,480**	23,359	13,096	**146**	112
Prepaid land lease payments	16	**187**	171	190	**–**	–
Deposits		**70,353**	29,974	15,797	**149**	158
Other receivables		**75,750**	54,222	58,354	**67**	35
		156,770	107,726	87,437	**362**	305
Impairment		**(45,147)**	(40,549)	(43,271)	**–**	–
		111,623	67,177	44,166	**362**	305
Less: Deposits classified as non-current assets		**(45,167)**	(28,336)	(7,505)	**–**	–
Current portion		**66,456**	38,841	36,661	**362**	305

Included in the above provision for impairment of other receivables of the Group is a provision for individually impaired other receivables of HK$45,147,000 (2009: HK$40,549,000) with carrying amounts before impairment of HK$52,337,000 (2009: HK$45,008,000) as at 30 April 2010. 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.

24. Prepayments, deposits and other receivables *(continued)*

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

	Group	
	2010	2009
	HK$'000	HK$'000
At beginning of year	**40,549**	43,271
Impairment losses recognised/(reversed) (note 7)	**(3,956)**	2,113
Exchange realignment	**8,554**	(4,835)
At end of year	**45,147**	40,549

25. Balances with holding and former holding companies

Except for the amount due to the former immediate holding company of HK$11,000 at 30 April 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.

26. Balances with fellow subsidiaries/a former related company

Except for amounts due from certain fellow subsidiaries of HK$876,000 (2009: HK$740,000), which bear interest at rates ranging from 7.87% to 8.00% (2009: 6.64% to 6.68%) per annum, the balances with fellow subsidiaries are unsecured, interest-free and repayable on demand.

In the prior year, an amount due to a former related company of the Company of HK$118,000 was repayable on the expiry 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.

Notes to Financial Statements

30 April 2010

27. Cash and cash equivalents

	Group			Company	
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)	**30 April 2010 HK$'000**	30 April 2009 HK$'000
Cash and bank balances	**127,446**	84,122	86,120	**412**	88
Time deposits	**8,835**	8,548	37,507	**–**	–
	136,281	92,670	123,627	**412**	88
Less: Pledged time deposits for bank guarantees	**(1,069)**	(395)	(466)	**–**	–
Cash and cash equivalents	**135,212**	92,275	123,161	**412**	88

The bank balances are deposited with creditworthy banks with no recent history of default.

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 pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 30 April 2010, time deposits of HK$1,069,000 (2009: HK$395,000) were pledged to a bank for guarantee in lieu of rental deposits.

28. Asset held for sale

	Group		
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Freehold land	**–**	22,677	–

Balance as at 30 April 2009 represented the carrying amount of the freehold land owned by the Group with the intention of disposing of it 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 30 April 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.

29. 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		
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Current	**159,703**	132,045	93,535
1 to 2 months	**27,037**	59,666	42,759
2 to 3 months	**8,114**	12,678	9,109
Over 3 months	**65,661**	26,602	23,364
	260,515	230,991	168,767

Notes to Financial Statements

30 April 2010

29. Trade payables *(continued)*

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 (2009: Nil).

30. Other payables and accruals

	Group			Company	
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)	**30 April 2010 HK$'000**	30 April 2009 HK$'000
Other payables	**78,264**	48,565	32,493	**653**	510
Accruals	**43,917**	37,094	30,027	**2,882**	379
	122,181	85,659	62,520	**3,535**	889
Less: Other payables classified as non-current liabilities	**(275)**	–	–	**(275)**	(259)
Current portion	**121,906**	85,659	62,520	**3,260**	630

Other payables are non-interest-bearing. Except for rental deposit payables of the Group and the Company of HK$275,000 (2009: Nil) and HK$275,000 (2009: HK$259,000), respectively, 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.

31. 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 of each full year of service rates 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 2010 by Mercer Zainal 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:

	30 April 2010 %	30 April 2009 % (Restated)	1 May 2008 % (Restated)
Discount rate	**6.25**	6.25	6.25
Expected rate of salary increases	**6.00**	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:

	2010 HK$'000	2009 HK$'000 (Restated)
Current service cost	**137**	131
Interest cost	**77**	62
Amortisation of net loss	**2**	4
Net benefit expenses	**216**	197
Recognised in administrative expenses	**216**	197

Notes to Financial Statements

30 April 2010

31. Defined benefit obligations *(continued)*

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

	2010 **HK$'000**	2009 HK$'000 (Restated)
At beginning of year	**1,037**	950
Current service cost	**137**	131
Interest cost	**77**	62
Amortisation of net loss	**2**	4
Exchange realignment	**141**	(110)
At end of year	**1,394**	1,037

	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Analysed as:			
Current	**41**	52	–
Non-current:			
– Later than 1 year but not later than 2 years	**102**	39	42
– Later than 2 years but not later than 5 years	**241**	230	66
– Later than 5 years	**1,010**	716	842
	1,353	985	950
	1,394	1,037	950

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

31. Defined benefit obligations *(continued)*

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:

	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)
Present value of defined benefit obligations	**1,548**	1,174	1,108
Unrecognised net actuarial gains	**(154)**	(137)	(158)
Net liabilities arising from defined benefit obligations	**1,394**	1,037	950

A five-year summary of the present value of the defined benefit obligations, the fair value of the plan assets, the deficit in the plan and the experience adjustment arising on plan liabilities is as follows:

	2010 HK$'000	2009 HK$'000 (Restated)	2008 HK$'000 (Restated)	2007 HK$'000 (Restated)	2006 HK$'000 (Restated)
Present value of defined benefit obligations	**1,548**	1,174	1,108	713	724
Deficit in the plan	**1,548**	1,174	1,108	713	724
Experience gains on plan liabilities	**154**	137	159	–	17

Notes to Financial Statements

30 April 2010

32. Interest-bearing bank and other borrowings

Group

	2010			2009 (Restated)			2008 (Restated)		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current									
Bank overdrafts – unsecured	Malaysia Banking Institution's Base Lending Rate ("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	2010	56,751	KLIBOR + 0.75-1.00	2009	23,234			–
Hire purchase contract payables – secured (note 33)	3.24-4.70	2010-2011	32	3.24-4.70	2009- 2010	28	3.24-4.70	2008-2009	46
Bank loan – secured	Taiwan Reuters Primary Market Commercial paper 90 Days Rate ("TRPMCPR") + 0.43	2011	728	BLR + 2.00	2010	434	BLR + 2.00	2009	8,199
Revolving credit – secured	Cost of Fund ("COF") + 2.00	2011	70,603			–			–
Bank loan – secured	5.00	2010	180			–			–
			157,283			58,384			8,245
Non-current									
Hire purchase contract payables – secured (note 33)	3.24-4.70	2011	7	3.24-4.70	2010-2011	35	3.24-4.70	2009 – 2010	73
Bank loan – secured	TRPMCPR + 0.43	2013	2,584			–	BLR + 2.00	2010	488
Bank loan – secured	5.00	2011 – 2015	6,165						
			8,756			35			561
			166,039			58,419			8,806

32. Interest-bearing bank and other borrowings *(continued)*

Company

	2010			2009		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loan – secured	**5.00**	**2010**	**180**	5.00	2009	180
Non-current						
Bank loan – secured	**5.00**	**2011 – 2015**	**6,165**	5.00	2010 – 2015	6,345
			6,345			6,525

Notes to Financial Statements

30 April 2010

32. Interest-bearing bank and other borrowings *(continued)*

	Group			Company	
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)	**30 April 2010 HK$'000**	30 April 2009 HK$'000
Analysed into:					
Bank loans and overdrafts repayable:					
Within one year or on demand	**157,251**	58,356	8,199	**180**	180
In the second year	**180**	–	488	**180**	180
In the third to fifth years, inclusive	**3,124**	–	–	**540**	540
Beyond five years	**5,445**	–	–	**5,445**	5,625
	166,000	58,356	8,687	**6,345**	6,525
Other borrowings repayable:					
Within one year or on demand	**32**	28	46	**–**	–
In the second year	**7**	28	73	**–**	–
In the third of fifth years, inclusive	**–**	7	–	**–**	
	39	63	119	**–**	–
	166,039	58,419	8,806	**6,345**	6,525

32. Interest-bearing bank and other borrowings *(continued)*

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 an aggregate carrying value at the end of the reporting period of approximately HK$195,484,000 (2009: Nil) and HK$65,233,000 (2009: HK$46,787,000), respectively (note 15);

(ii) the pledge of certain of the Group's freehold land and buildings, which had an aggregate carrying value at the end of the reporting period of approximately HK$8,784,000 (2009: HK$5,063,000) (note 14); and

(iii) the pledge of certain of the Group's leasehold land, which had an aggregate carrying value at the end of the reporting period of approximately HK$5,509,000 (2009: HK$7,259,000) (note 16).

(c) Except for certain bank loans denominated in Hong Kong dollars of HK$6,345,000 (2009: Nil), all bank and other borrowings at the end of the reporting period were denominated in Ringgit Malaysia and New Taiwan dollars.

(d) The carrying amounts of borrowings of the Group and the Company approximate to their fair values.

Notes to Financial Statements

30 April 2010

33. Hire purchase contract payables

The Group leases certain of its plant and machinery for its electronic components 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 2010 HK$'000	Minimum lease payments 2009 HK$'000 (Restated)	**Present value of minimum lease payments 2010 HK$'000**	Present value of minimum lease payments 2009 HK$'000 (Restated)
Amount payable:				
Within one year	**36**	33	**32**	28
In the second year	**10**	33	**7**	28
In the third to fifth years, inclusive	**–**	8	**–**	7
Total minimum finance lease payments	**46**	74	**39**	63
Future finance charges	**(7)**	(11)		
Total net finance lease payables	**39**	63		
Portion classified as current liabilities (note 32)	**(32)**	(28)		
Non-current portion (note 32)	**7**	35		

34. 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. The carrying amount of the loan approximates to its fair value.

	Group			Company	
	30 April 2010 HK$'000	30 April 2009 HK$'000 (Restated)	1 May 2008 HK$'000 (Restated)	**30 April 2010 HK$'000**	30 April 2009 HK$'000
Loan from a shareholder	**11,840**	–	–	**11,840**	28,895

Notes to Financial Statements

30 April 2010

35. 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.

On 13 April 2010, a portion of the principal sum of the ICULS of HK$60,000,000 was converted into 300,000,000 ordinary shares of HK$0.20 each of the Company at the conversion price of HK$0.20 per share.

As at 30 April 2010, the ICULS with an aggregate principal amount of HK$2,130,000,000 remained outstanding. Upon full conversion, the ICULS shall be converted into 10,650,000,000 ordinary shares of the Company.

The ICULS issued during the year have been split as to the liability and equity components, as follows:

Group and Company

	2010		
	Liability component of the ICULS HK$'000	**Equity component of the ICULS HK$'000**	**Total HK$'000**
Nominal value of ICULS	**388,279**	**1,801,721**	**2,190,000**
Interest expense	**14,336**	–	**14,336**
Interest paid	–	–	–
Conversion of ICULS	**(10,784)**	**(49,216)**	**(60,000)**
	391,831	**1,752,505**	**2,144,336**

The fair values of the Group's and the Company's ICULS approximate to their carrying amounts at the end of the reporting period.

36. Share capital

	Group
	Issued capital
	HK$'000
At 1 May 2008 and 2009 (as restated)	332,861
Acquisition of subsidiaries	**118,039**
Acquisition of minority interests	**6,500**
Loan capitalisation	**36,000**
Conversion of ICULS	**60,000**
At 30 April 2010	**553,400**

(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(a)), and the issuances of new shares for the acquisition of minority 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 note (v) below of HK$60,000,000.

The equity structure, being the number and type of shares, reflects the equity structure of the legal parent, Cosway Corp.

Notes to Financial Statements

30 April 2010

36. Share capital *(continued)*

(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 2008 and 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	**20,000,000**	**4,000,000**
Issued and fully paid:		
Ordinary shares of HK$0.20 each at 1 May 2008 and 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 minority 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	**1,961,732**	**392,346**

36. Share capital *(continued)*

During the year, 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 minority 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.

Notes to Financial Statements

30 April 2010

37. Reserves

(a) Group

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.

(b) Company

	Share premium account	Retained profits/ (accumulated losses)	Total
	HK$'000	HK$'000	HK$'000
Balance at 1 May 2008	12,282	(95,022)	(82,740)
Total comprehensive loss for the year	–	(14,699)	(14,699)
At 30 April 2009 and 1 May 2009	12,282	(109,721)	(97,439)
Total comprehensive income for the year	–	171,063	171,063
At 30 April 2010	**12,282**	**61,342**	**73,624**

38. Business combinations

(a) As mentioned in note 2.1 above, on 8 December 2009, the Company acquired the Cosway M Group, which is treated as the acquirer for accounting purpose in the business combination under HKFRS 3. Reverse acquisition accounting is 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 to Financial Statements

30 April 2010

38. Business combinations *(continued)*

(a) *(continued)*

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
Interest in an associate	7,129	7,129
Available-for-sale investment	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
Minority 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, the profit of the Group for the year would have been HK$236,131,000.

38. Business combinations *(continued)*

(b) 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 HK$'000	**Previous carrying amount** HK$'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
Minority interests	(5,217)	
	46,927	
Goodwill	621	
Satisfied by:		
Cash	38,038	
Deposit paid for the acquisition	9,510	
	47,548	

Notes to Financial Statements

30 April 2010

38. Business combinations *(continued)*

(b) *(continued)*

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, there would have been no material change to the revenue and the consolidated profit of the Group for the year.

38. Business combinations *(continued)*

(c) On 12 June 2008, the Group acquired a 100% equity interest in eCosway Korea Inc ("EKI") at a consideration of Korean Won ("KRW") 51,500,000 (equivalent to HK$341,000).

The fair values of the identifiable assets and liabilities of EKI 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
Cash and bank balances	46	46
Prepayments, deposits and other receivables	295	295
	341	341
Satisfied by cash	341	

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	(341)
Cash and bank balances acquired	46
Net outflow of cash and cash equivalents in respect of the acquisition of the subsidiary	(295)

The contributions by the above subsidiary to the Group's revenue and consolidated profit for the year ended 30 April 2009 since the acquisition by the Group were insignificant.

Had the combination taken place at the beginning of the year ended 30 April 2009, there would have been no material change to the revenue and the consolidated profit of the Group for that year.

Notes to Financial Statements

30 April 2010

39. Major non-cash transactions

(i) The Group utilised a deposit of HK$9,510,000 for the acquisition of a subsidiary during the year.

(ii) Interest expenses paid to a shareholder of HK$318,000 (2009: Nil) was settled through the loan balance with the shareholder.

40. Contingent liabilities

(a) 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.

(b) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

		Group	
	Note	**2010** **HK$'000**	2009 HK$'000 (Restated)
Guarantee given to a financial institution for credit facilities granted to the former immediate holding company	(i)	–	75,950

Note:

(i) The banking facilities granted to the former immediate holding company were secured by the pledge of certain of the investment properties of the Group which had aggregate carrying values of HK$113,925,000 as at 30 April 2009.

As at 30 April 2009, the banking facilities granted to the former immediate holding company were utilised to the extent of approximately HK$67,769,000.

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 2010, 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	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)		
Within one year	**4,167**	2,834	**1,375**	1,563
In the second to fifth years, inclusive	**913**	–	**368**	646
	5,080	2,834	**1,743**	2,209

Notes to Financial Statements

30 April 2010

41. Operating lease arrangements *(continued)*

(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 2010, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)		
Within one year	**68,345**	52,128	**157**	45
In the second to fifth years, inclusive	**42,156**	35,705	**37**	–
After five years	**–**	319	**–**	–
	110,501	88,152	**194**	45

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	
	2010	2009
	HK$'000	HK$'000
		(Restated)
Contracted, but not provided for, acquisition of 90% equity interest in a company	**–**	33,904

43. Pledge of assets

Details of the Group's and the Company's bank and other borrowings, and credit facilities granted to the former immediate holding company, which are secured by the assets of the Group and the Company, are included in notes 14, 15, 16 and 32 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	
		2010	2009
	Notes	**HK$'000**	HK$'000
			(Restated)
Sales of goods to fellow subsidiaries	(i)	**2,221**	2,827
Leasing of aircraft from a fellow subsidiary	(ii)	**2,163**	1,074
Service fees paid to fellow subsidiaries	(iii)	**12,146**	10,113
Purchases of goods from fellow subsidiaries	(iv)	**8,062**	4,271
Rental expenses paid to related companies	(v)	**1,838**	1,874

Notes to Financial Statements

30 April 2010

44. Related party transactions *(continued)*

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 B Corp, the Group's ultimate holding company and the other related company is an associate of B Corp. 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) Other transactions with related parties:

As at 30 April 2009, the Group has pledged certain of its investment properties of HK$113,925,000 as collateral to banks in connection with credit facilities granted to the former immediate holding company, as further detailed in note 40(b) to the financial statements.

44. Related party transactions *(continued)*

(c) Outstanding balances with related parties:

(i) Details of the Group's balances with holding companies and a shareholder are included in notes 25 and 34 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 26 to the financial statements.

(d) Compensation of key management personnel of the Group:

	2010 **HK$'000**	2009 HK$'000 (Restated)
Short term employee benefits	**2,436**	8,429
Post-employment benefits	**144**	884
Total compensation paid to key management personnel	**2,580**	9,313

Further details of directors' emoluments are included in note 8 to the financial statements.

Notes to Financial Statements

30 April 2010

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

30 April 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 24)	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 30)	78,264
Interest-bearing bank and other borrowings	166,039
Due to associates	2,262
Due to fellow subsidiaries	1,040
Loan from a shareholder	11,840
ICULS	391,831
	911,791

45. Financial instruments by category *(continued)*

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: *(continued)*

Group

30 April 2009

Financial assets

	Loans and receivables HK$'000 (Restated)	Available-for-sale financial assets HK$'000 (Restated)	Total HK$'000 (Restated)
Available-for-sale investments	–	243	243
Trade receivables	78,172	–	78,172
Financial assets included in prepayments, deposits and other receivables (note 24)	43,647	–	43,647
Due from the ultimate holding company	1,137	–	1,137
Due from a former intermediate holding company	731	–	731
Due from the former immediate holding company	34,173	–	34,173
Due from fellow subsidiaries	1,287	–	1,287
Pledged deposits	395	–	395
Cash and cash equivalents	92,275	–	92,275
	251,817	243	252,060

Financial liabilities

	Financial liabilities at amortised cost HK$'000 (Restated)
Trade payables	230,991
Financial liabilities included in other payables and accruals (note 30)	48,565
Interest-bearing bank and other borrowings	58,419
Due to the former immediate holding company	11
Due to associates	2,328
Due to fellow subsidiaries	788
	341,102

Notes to Financial Statements

30 April 2010

45. Financial instruments by category *(continued)*

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: *(continued)*

Group

1 May 2008

Financial assets

	Loans and receivables HK$'000 (Restated)	Available-for-sale financial assets HK$'000 (Restated)	Total HK$'000 (Restated)
Available-for-sale investments	–	278	278
Trade receivables	26,069	–	26,069
Financial assets included in prepayments, deposits and other receivables (note 24)	30,880	–	30,880
Due from the ultimate holding company	1,261	–	1,261
Due from the former immediate holding company	888	–	888
Due from fellow subsidiaries	1,462	–	1,462
Pledged deposits	466	–	466
Cash and cash equivalents	123,161	–	123,161
	184,187	278	184,465

Financial liabilities

	Financial liabilities at amortised cost HK$'000 (Restated)
Trade payables	168,767
Financial liabilities included in other payables and accruals (note 30)	32,493
Interest-bearing bank and other borrowings	8,806
Due to associates	2,952
Due to fellow subsidiaries	913
	213,931

45. Financial instruments by category *(continued)*

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: *(continued)*

Company

30 April 2010

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total 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 24)	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 30)	653
Due to subsidiaries	4,786
Interest-bearing bank borrowings	6,345
Loan from a shareholder	11,840
ICULS	391,831
	415,455

Notes to Financial Statements

30 April 2010

45. Financial instruments by category *(continued)*

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: *(continued)*

Company

30 April 2009

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	200	200
Trade receivables	9	–	9
Financial assets included in prepayments, deposits and other receivables (note 24)	193	–	193
Cash and cash equivalents	88	–	88
	290	200	490

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Financial liabilities included in other payables and accruals (note 30)	510
Due to a former related company	118
Due to subsidiaries	1,288
Interest-bearing bank borrowings	6,525
Loan from a shareholder	28,895
	37,336

46. 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)

As at 30 April 2010, the Group held the following financial instruments measured at fair value:

Assets measured at fair value as at 30 April 2010:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale investments:				
Equity investments	19	–	–	19
Debt investments	200	–	–	200
	219	–	–	219

During the year ended 30 April 2010, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Notes to Financial Statements

30 April 2010

46. Fair value hierarchy *(continued)*

As at 30 April 2010, the Company held the following financial instruments measured at fair value:

Assets measured at fair value as at 30 April 2010:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale investments	**200**	**–**	**–**	**200**

During the year ended 30 April 2010, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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.

47. Financial risk management objectives and policies *(continued)*

Interest rate risk *(continued)*

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
2010			
Ringgit Malaysia	**100**	**(1,563)**	**–**
Hong Kong dollar	**100**	**(182)**	**–**
Ringgit Malaysia	**(100)**	**1,563**	**–**
Hong Kong dollar	**(100)**	**182**	**–**
2009 (As restated)			
Ringgit Malaysia	100	(584)	–
Ringgit Malaysia	(100)	584	–

* Excluding retained profits

Notes to Financial Statements

30 April 2010

47. Financial risk management objectives and policies *(continued)*

Interest rate risk *(continued)*

Company

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2010			
Hong Kong dollar	**100**	**(182)**	**–**
Hong Kong dollar	**(100)**	**182**	**–**
2009			
Hong Kong dollar	100	(354)	–
Hong Kong dollar	(100)	354	–

* Excluding retained profits

47. Financial risk management objectives and policies *(continued)*

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 equity.

	Changes in exchange rates %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2010			
If Hong Kong dollar weakens against United States Dollar	5	(471)	–
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 United States Dollar	5	471	–
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	–

Notes to Financial Statements

30 April 2010

47. Financial risk management objectives and policies *(continued)*

Foreign currency risk *(continued)*

	Changes in exchange rates %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2009 (As restated)			
If Hong Kong dollar weakens against United States Dollar	5	(365)	–
If Hong Kong dollar weakens against New Taiwan Dollar	5	(238)	–
If Hong Kong dollar weakens against Brunei Dollar	5	92	–
If Hong Kong dollar weakens against Singapore Dollar	5	183	–
If Hong Kong dollar weakens against Renminbi	5	15	–
If Hong Kong dollar weakens against Indonesian Rupiah	5	223	–
If Hong Kong dollar weakens against Swiss Franc	5	(97)	–
If Hong Kong dollar strengthens against United States Dollar	5	365	–
If Hong Kong dollar strengthens against New Taiwan Dollar	5	238	–
If Hong Kong dollar strengthens against Brunei Dollar	5	(92)	–
If Hong Kong dollar strengthens against Singapore Dollar	5	(183)	–
If Hong Kong dollar strengthens against Renminbi	5	(15)	–
If Hong Kong dollar strengthens against Indonesian Rupiah	5	(223)	–
If Hong Kong dollar strengthens against Swiss Franc	5	97	–

* Excluding retained profits

47. Financial risk management objectives and policies *(continued)*

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. The Group was also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 40(b) to the financial statements.

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 23 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.

Notes to Financial Statements

30 April 2010

47. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

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	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
Trade payables	–	260,515	–	–	260,515
Financial liabilities included in other payables and accruals (note 30)	–	78,264	–	–	78,264
Interest-bearing bank and other borrowings	–	157,635	3,383	5,445	166,463
Due to associates	2,262	–	–	–	2,262
Due to fellow subsidiaries	1,040	–	–	–	1,040
Loan from a shareholder	–	–	11,840	–	11,840
ICULS	–	21,300	267,138	341,688	630,126
	3,302	517,714	282,361	347,133	1,150,510

47. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

	2009				
	On demand HK$'000 (Restated)	Within 1 year HK$'000 (Restated)	More than 1 year but less than 5 years HK$'000 (Restated)	Over 5 years HK$'000 (Restated)	Total HK$'000 (Restated)
Trade payables	–	230,991	–	–	230,991
Financial liabilities included in other payables and accruals (note 30)	–	48,565	–	–	48,565
Interest-bearing bank and other borrowings	–	60,027	35	–	60,062
Due to associates	2,328	–	–	–	2,328
Due to fellow subsidiaries	788	–	–	–	788
Due to the former immediate holding Company	11	–	–	–	11
Guarantee given to a financial institution for credit facilities granted to the former immediate holding company	67,769	–	–	–	67,769
	70,896	339,583	35	–	410,514

47. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

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

	2010				
	On demand HK$'000	Within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings	–	180	720	5,445	6,345
Other payables (note 30)	–	378	275	–	653
Due to subsidiaries	4,786	–	–	–	4,786
Loan from a shareholder	–	–	11,840	–	11,840
ICULS	–	21,300	267,138	341,688	630,126
	4,786	21,858	279,973	347,133	653,750

	2009				
	On demand HK$'000	Within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings	–	180	720	5,625	6,525
Other payables (note 30)	–	251	259	–	510
Due to subsidiaries	1,288	–	–	–	1,288
Due to a former related company	118	–	–	–	118
Loan from a shareholder	–	–	28,895	–	28,895
	1,406	431	29,874	5,625	37,336

47. Financial risk management objectives and policies *(continued)*

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 2010 and 2009.

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

	2010 **HK$'000**	2009 HK$'000 (Restated)
Interest-bearing bank borrowings	**166,000**	58,356
Less: Cash and cash equivalents	**(135,212)**	(92,275)
Net debt	**30,788**	(33,919)
Equity attributable to owners of the parent	**649,463**	458,339
Capital and net debt	**680,251**	424,420
Gearing ratio	**4.5%**	N/A

Notes to Financial Statements

30 April 2010

48. Event after the reporting period

On 6 May 2010, 17,625,000 share options were granted to certain directors and employees of the Group.

49. Comparative amounts

As further explained in notes 2.1 and 2.2 to the financial statements, due to the application of reverse acquisition accounting and adoption of new and revised HKFRSs during the current year, the comparative amounts and presentation of certain items and balances in the financial statements have been reclassified and restated to comply with the current year's presentation and accounting treatment.

50. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 19 August 2010.

Five Year Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from financial statements and restated as appropriate, is set out below.

Results

	Year ended 30 April				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
REVENUE	**2,329,278**	1,726,896	1,324,375	1,005,533	814,325
PROFIT BEFORE TAX	**283,110**	178,553	151,202	94,123	66,850
Tax	**(60,885)**	(42,702)	(40,733)	(25,971)	(24,693)
PROFIT FOR THE YEAR	**222,225**	135,851	110,469	68,152	42,157
Attributable to:					
Owners of the parent	**211,756**	120,937	102,134	63,303	38,502
Minority interests	**10,469**	14,914	8,335	4,849	3,655
	222,225	135,851	110,469	68,152	42,157

Five Year Financial Summary

Assets, liabilities and minority interests

	As at 30 April				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
TOTAL ASSETS	**1,747,877**	955,844	737,823	612,796	478,326
TOTAL LIABILITIES	**(1,086,243)**	(459,591)	(321,632)	(313,585)	(223,154)
MINORITY INTERESTS	**(12,171)**	(37,914)	(27,030)	(17,717)	(12,740)
	649,463	458,339	389,161	281,494	242,432

Particulars of Properties

30 April 2010

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Hong Kong			
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 7/F., Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong	Commercial	Long term lease	100%
Units 1 and 2, 17/F., and car parking space No. L5 on Lower G/F., Wah Sing Industrial Building, 12-14 Wah Sing Street, Kwai Chung, New Territories, Hong Kong	Industrial	Medium term lease	100%
Units 83 and 84, 2/F., Houston Centre, 63 Mody Road, Tsimshatsui, Kowloon, Hong Kong	Commercial	Long term lease	100%
Mainland China			
Unit 803, Block C and car parking space No. 10, Xiagang Garden, 32 Xiagang New Village, Siming District, Xiamen, Fujian Province, the People's Republic of China	Residential	Long term lease	100%

Particulars of Properties

30 April 2010

INVESTMENT PROPERTIES *(continued)*

Location	Use	Tenure	Attributable interest of the Group
Malaysia			
130 strata shop lots located on ground, first and second floor of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	Commercial	Freehold	100%
67 strata shop lots located on ground, first, second and third floors, 70 strata office units, 7 apartment units, 52 storerooms and 421 car park spaces of Wisma Cosway, No. 88, Jalan Raja Chulan, Kuala Lumpur, Malaysia	Commercial	Freehold	100%
Taiwan			
No. 1067 Shanshuinan Section, Magong City, Penghu County, Taiwan	Industrial	Freehold	100%