



BYFORD INTERNATIONAL LIMITED

百富國際有限公司

(incorporated in the Cayman Islands with limited liability)

THIRD QUARTERLY REPORT 2003

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”).

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which these companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this result, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this result.

This report, for which the directors (the “Directors”) of Byford International Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this result is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this result misleading; and (3) all opinions expressed in this result have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



The Board of Directors (“The Board”) of Byford International Limited (“The Company”) announces the unaudited consolidated results of the company and its subsidiaries (The “Group”) for the three months and six months ended 30th September, 2003 together with comparative unaudited figures for the corresponding periods in 2002 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2003

		Three months ended 30th September,			2002		
		2003					
		Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Notes							
Turnover	4	10,196	–	10,196	11,166	548	11,714
Cost of sales		(4,339)	–	(4,339)	(5,950)	(545)	(6,495)
Gross profit		5,857	–	5,857	5,216	3	5,219
Other operating income		258	–	258	132	–	132
Selling and distribution costs		(1,317)	–	(1,317)	(1,380)	(100)	(1,480)
Administrative expenses		(2,790)	–	(2,790)	(2,106)	(118)	(2,224)
Amortisation on trademarks		(230)	–	(230)	(230)	–	(230)
Profit (loss) from operations		1,778	–	1,778	1,632	(215)	1,417
Finance costs		(172)	–	(172)	(381)	(6)	(387)
Profit (loss) before taxation		1,606	–	1,606	1,251	(221)	1,030
Taxation	5	(120)	–	(120)	(13)	–	(13)
Profit (loss) for the period		1,486	–	1,486	1,238	(221)	1,017
		<i>HK cents</i>			<i>HK cents</i>		
Earnings per share	7						
– Basic		0.7430			0.6445		
– Diluted		0.7379			N/A		



		Nine months ended 30th September,					
		2003			2002		
		Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	4	33,343	–	33,343	31,224	2,234	33,458
Cost of sales		(16,465)	–	(16,465)	(18,006)	(1,919)	(19,925)
Gross profit		16,878	–	16,878	13,218	315	13,533
Other operating income		491	–	491	378	–	378
Selling and distribution costs		(3,971)	–	(3,971)	(3,595)	(320)	(3,915)
Administrative expenses		(8,048)	–	(8,048)	(6,611)	(455)	(7,066)
Amortisation on trademarks		(689)	–	(689)	(689)	–	(689)
Profit (loss) from operations		4,661	–	4,661	2,701	(460)	2,241
Finance costs		(868)	–	(868)	(1,145)	(26)	(1,171)
Profit (loss) before taxation		3,793	–	3,793	1,556	(486)	1,070
Taxation	5	(189)	–	(189)	(37)	–	(37)
Profit (loss) for the period		3,604	–	3,604	1,519	(486)	1,033
		HK cents			HK cents		
Earnings per share	7						
– Basic		2.0527			0.6546		
– Diluted		2.0474			N/A		



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2003

1. GROUP REORGANISATION

The Company was incorporated and registered as an exempted company with limited liability in Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 22nd January, 2003.

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 10th June, 2003.

The shares of the Company were listed on the GEM of the Stock Exchange on 27th June, 2003.

The consolidated results for each of the three months and the nine months ended 30th September, 2002 and 2003 are prepared as if the current group structure had been in existence throughout the periods, or since their respective dates of incorporation, where this is a shorter period.

Details of the Group Reorganisation were set out in the prospectus of the Company dated 23rd June, 2003.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the condensed consolidated financial statements are consistent with the accounting policies used in the preparation of the Accountants' Report as included in the prospectus of the Company dated 23rd June, 2003.

4. TURNOVER

Turnover from continuing operations represents the net amounts received and receivable by the Group for sale of men's innerwear, socks and apparel and related royalties income.

Turnover from discontinuing operations represents the net amounts received and receivable by the Group for sale of children's wear.



5. TAXATION

	Three months ended 30th September,					
	2003			2002		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:						
Malaysia income tax	12	–	12	13	–	13
Singapore income tax	108	–	108	–	–	–
	<u>120</u>	<u>–</u>	<u>120</u>	<u>13</u>	<u>–</u>	<u>13</u>

	Nine months ended 30th September,					
	2003			2002		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:						
Malaysia income tax	36	–	36	37	–	37
Singapore income tax	153	–	153	–	–	–
	<u>189</u>	<u>–</u>	<u>189</u>	<u>37</u>	<u>–</u>	<u>37</u>

The Malaysia income tax and Singapore income tax are calculated at a rate of 28% (2002: 28%) and 22% (2002: 22%), respectively, on the assessable profits of the Group arising in the respective jurisdiction during both periods.

The Group's income neither arises in, nor is derived from, Hong Kong and is therefore not subject to Hong Kong Profits Tax.

There is no significant unprovided deferred taxation for both periods or at the respective balance sheet dates.

6. DIVIDEND

The directors do not recommend the payment of a dividend for the three months or the nine months ended 30th September, 2003 (2002: Nil).



7. EARNINGS PER SHARE

	Three months ended 30th September, 2003 (unaudited) HK\$'000		Nine months ended 30th September, 2003 (unaudited) HK\$'000	
		2002 (unaudited) HK\$'000		2002 (unaudited) HK\$'000
Earnings for the purpose of calculating earnings per share	<u>1,486</u>	<u>1,017</u>	<u>3,604</u>	<u>1,033</u>
Number of shares:				
Weighted average number of shares for the purpose of basic earnings per share (<i>Note</i>)	200,000,000	157,800,000	175,570,370	157,800,000
Weighted average number of shares for the purpose of diluted earnings per share (<i>Note</i>)	<u>201,379,731</u>	<u>N/A</u>	<u>176,030,281</u>	<u>N/A</u>

Note:

The calculation of the basic earnings per share for the three months and the nine months ended 30th September, 2003 and the corresponding periods is based on the Group's profit for the periods and on the weighted average number of shares of the Company that would have been in issue throughout the period on the assumption that the Group Reorganisation had been completed at the beginning of 1st January, 2002.

The calculation of the diluted earnings per share for the three months and the nine months ended 30th September, 2003 is based on the Group's profit for the periods and on the weighted average number of the shares of the Company (after taking into account of the dilutive effect of the number of shares issuable under the share option scheme of the Company). No diluted earnings per share for the three months and nine months ended 30th September, 2002 is presented as there is no dilutive potential share in issue.



8. RESERVES

	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2002	—	—	(304)	(7,855)	(8,159)
Effect of exchange differences arising from translation of financial statements of overseas subsidiaries and net gain not recognised in the income statement	—	—	172	—	172
Profit for the period	—	—	—	1,033	1,033
At 30th September, 2002	—	—	(132)	(6,822)	(6,954)
At 1st January, 2003	—	—	(126)	(4,570)	(4,696)
Share capital eliminated on Group Reorganisation	—	7,205	—	—	7,205
Special reserve arising on Group Reorganisation	—	1	—	—	1
Issue of shares upon conversion of convertible note	4,680	—	—	—	4,680
Issue of shares by way of capitalisation of share premium account	(1,578)	—	—	—	(1,578)
Issue of shares on placing	24,898	—	—	—	24,898
Expenses incurred in connection with issue of shares	(9,572)	—	—	—	(9,572)
Profit for the period	—	—	—	3,604	3,604
At 30th September, 2003	18,428	7,206	(126)	(966)	24,542

The special reserve represents the difference between the nominal value of the shares of D Byford Holdings Limited, which was the holding company of other members of the Group prior to the Group Reorganisation and the nominal value of the Company's shares issued for share exchange at the time of the Group Reorganisation.



MANAGEMENT DISCUSSION AND ANALYSIS

Turnover

Byford International Limited has achieved satisfactory progress compared to prior period with overall turnover of the Group for the nine months ended 30th September, 2003 ("the Reported Period") reduced by -0.3% compared to corresponding period last year to HK\$33,343,000. Excluding discontinuing operations, turnover increased by 6.8% or HK\$2,119,000 from HK\$31,224,000.

Byford continues to increase market awareness of its products in Asia and Greater China, and to this effect, at the British Trade Commission's invitation participated in sponsorship of the 'Passion for Fashion' fashion show event recently held in Shanghai, China on 28th October, 2003.

Turnover from geographical segments excluding discontinuing operations for Malaysia and export to Dubai under Integrated Global Sourcing Platform ("IGS") achieved stable growth rates of 7.8% and 6.1% respectively. However, turnover from Singapore was down by -0.2% as a result of the disproportionate effect of SARS in Singapore.

Operating profit

Operating profit for the Reported Period increased by 108% to HK\$4,661,000 compared to HK\$2,241,000 as a result of the following contributing factors:

- Gross margin increased to 50.6% from 42.3% excluding discontinuing operations as a result of savings from economies of scale providing better pricing from suppliers and contribution from IGS;
- Selling and distribution costs have been kept in line with turnover at 11.9% compared to 11.7% for 2002;
- Administrative expenses slightly increased by HK\$982,000 at 26.2% (2002: 23.2%) of turnover as a result of increased compliance costs of listing;

Finance costs

Finance costs have continued to fall by 25.9% to HK\$868,000 as a result of the funds available to the Company following its IPO in June.



Net profit

Profit before taxation rose by 3.5 times to HK\$3,793,000 from HK\$1,070,000 and profit after tax margin on sales improved to 10.8% from 3.1% mainly as a result of discontinuing children's wear operations and cost efficiencies arising from economies of scale. The effective tax rate was 5.0% for the Reported Period due to the continuing effect of unutilised tax losses. Profit after tax increased to HK\$3,604,000 compared to HK\$1,033,000. The Group's EBITDA increased by 68.2% to HK\$5,960,000 from HK\$3,544,000.

Liquidity and Financial Resources

During the Reported Period, the Group used HK\$3,862,000 for its operations mainly as a result of increased inventories of HK\$3,979,000 and payments made to trade and other suppliers of HK\$4,847,000 for the forthcoming peak sales for the last quarter ending 31st December, 2003. The Group ended the period with net cash of HK\$3,285,000 and has unutilised banking facilities of HK\$11,515,000. The Group's current ratio continues to improve to 1.86. Debtor days stood at 97 while creditor days were 88.

As at 28th October, 2003, accounts receivable of 12% or HK\$1,414,000 of Reported Period had been subsequently settled. Stock turnover over cost of sales reduced to 2.3 times from 3.7 times in September 2002 due to inventory build-up in anticipation of forthcoming peak sales for the last quarter Q4 due to the year-end festive seasons comprising Christmas and Chinese New Year. The Group's gearing ratio continues to reduce following the IPO and fell to 16.4%.

At the Reported Period end, total bank borrowings of HK\$4,279,000 were outstanding and the Group has trademarks and assets pledged as security for its banking facilities and trust receipts from trade finance. There has been no major capital expenditure during the Reported Period.



Use of Proceeds from IPO

from July, 2003 to
September, 2003
HK\$'000

Brand building

– conduct advertising campaigns in Singapore, Malaysia and Hong Kong	291
– participate in trade fairs internationally	110
– engage public relationship agencies to arrange interviews through in various forms of media	26
– sponsoring products at promotional events	38
– phased implementation of software and hardware for worldwide customers regarding enhanced information on the Group's customer purchase profile.	–

Total	465
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Developing new licence territories

– conduct market research regularly on potential markets and licensees by independent professional agents	34
– expenditure on professionals in assessing the suitability of potential licensees of Byford products	–

Total	34
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Developing new distribution markets

– conduct regular feasibility studies on new markets for Byford products by independent professional agents	87
– setting up a new retail outlet in Kuala Lumpur, Malaysia	–

Total	87
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Integrated global sourcing

– phased implementation web-based business to business platform for licensees	46
– product design and development	41
– research into new materials and manufacturing process	5
– stock purchases for the operation of IGS	–

Total	92
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Repayment of bank loans	1,016
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BUSINESS REVIEW

Trading

During the Reported Period the Group has taken steps to improve product quality and adopt marketing strategies that focus on capturing additional market share and increased profitability.

As result of enhanced product quality and lower sourcing costs, revenues from IGS trade during the Reported Period increased by 6.1% from HK\$3,671,000 to HK\$3,895,000.

As part of the drive to spur growth for IGS and enhance the cooperation between the Group and its global Licensees, the Group hosted its first Byford Workshop from 17th-18th October, 2003 in Kuala Lumpur, Malaysia. The Byford Workshop 2003 was a success and as a result, the Licensees were able view the new ranges that are available through IGS.

Licensing

During the Reported Period, the Group has accelerated the implementation of the new Byford corporate identity and had also maintained the monitoring of all aspects of the brand's international visual presentation.

One of the primary goals for the Byford Workshop 2003 was to reaffirm our Byford brand strategy to all our Licensees as well as to provide a forum for us to better understand our Licensees' needs. The Workshop also allowed all international Byford Licensees to witness the significant improvement in our management of the Byford brand.

As a result, the Group has been able to identify potential Licensees for 2 new territories in Southeast Asia. The Group is in the final stages of negotiation with these potential Licensees and plans to finalise these appointments before the end of December 2003.

Business Objectives

Details of the Group's business objectives are set out in the section headed "Statement of Business Objectives" in the Prospectus. Saves as disclosed above, the Company has no other investment plan as at 30th September, 2003.



Comparison between Business Objectives and actual business growth

Business Objectives stated in the Prospectus	Actual progress as at 30th September, 2003
Brand Building	The Group sponsored the 5th anniversary of the Kellogg-Hong Kong University EMBA program to promote the Byford brand name in Hong Kong. The Group at the invitation of the British Trade Commission participated in the Passion for Fashion event in Shanghai to further promote Byford brand in the PRC.
Developing new license territory	The Group is continuing in its efforts to research and seek new licensees particularly in Asia and the Middle East.
Developing new distribution markets	The Group is continuing in its efforts to research and explore business opportunities in new distribution markets.
Integrated Global Sourcing	The Group is increasing its efforts to widen the licensee participation of IGS and has begun discussions to introduce new products ranges for the IGS platform.
Customer relationship management	The Company is reviewing the implementation of its CRM program with its IGS system and are approaching suitable vendors to provide an integrated solution.

Outlook

Looking ahead into the last quarter of this financial year, the Management expects growth to recover post SARS as more understanding and less panic in reacting to SARS, and is cautiously optimistic for the last quarter as the overall level of sales of Byford products and retail sentiment has steadily recovered during the Reported Period.



The Group has begun to undertake its business objectives as outlined in the Prospectus. Based on our competitive pricing and market strategy, coupled with tight control over costs, we believe we will be able to continue to capture additional market share for the year ending 2003. With additional product ranges and more Licensees sourcing through our IGS platform, we expect a significant contribution from IGS trade in the last quarter.

The Group will continue to research Asia and the Middle East as part of the Management's plan to seek new Licensees in these regions.

With our proven product quality, committed management team, stronger financial position and forecast contribution from IGS, we remain cautiously optimistic that the Group is able to deliver the earnings growth forecast for this year.

Corporate governance

The Group is committed to implementing good corporate governance and transparency in its financial statements. With this goal in mind, the Group has engaged its auditors, Messrs Deloitte Touche Tohmatsu to review its third quarter results in addition to having undertaken an interim review at June 2003. In addition, the Group has two independent non-executive directors who are qualified accountants, Messrs. CHOW Chi-Kiong, Vincent and YUE Kwai Wa, Ken who continue to form the Audit Committee. The bio-data of these directors are shown in the Directors' Profile section below.

Human Resources

At 30th September, 2003, the Group employed a total of 85 employees (2002: 84). The Group is committed to attracting, developing and retaining its people and offers competitive remuneration packages with bonuses and employee share options based on individual performance, experience and industry norms.

Dividend

The Directors does not recommend the payment of a dividend for the nine months ended 30th September, 2003 but anticipates the payment of a final dividend should it be financially prudent to do so.



Sponsor's Interest

Pursuant to the agreement dated 23rd June, 2003 entered into between the Company and Kingston Corporate Finance Limited ("Kingston"), Kingston will receive a fee for acting as the Company's retained sponsor for the period commencing 27th June, 2003 and expires on 31st December, 2005 (being the last day of the second full financial year of the Company after its listing on the GEM). As at 30th September, 2003, none of Kingston, its directors, employees and their associates had any interest in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

Audit Committee

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Society of Accountants. The primary duties of the audit committee are the review and supervision of the Company's financial reporting process and internal control systems. The audit committee comprises two independent non-executive Directors of the Company, namely Mr. Chow Chi Kiong, Vincent and Mr. Yue Kwai Wa, Ken. The audit committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated interim financial statements for the nine months ended 30th September, 2003.

Competing Interest

For the Reported Period, the Directors' are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rule) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.



DIRECTORS' PROFILE

Executive directors

Mr. Chai Sing Hong, aged 36, has been the Chairman, chief executive officer and executive Director of the Company since August 1999 and he is also the compliance officer of the Group. Mr. Chai is responsible for providing strategic planning as well as overall development and management to the Group. He has more than 12 years of experience in operating regional apparel manufacturing and marketing businesses in Malaysia and Singapore.

Ms. Chai Sing Fai, aged 45, has been an executive Director of the Group since August 1999. Ms. Chai is responsible for the administration of the Group and participates in the strategic planning and development of the Group. Ms. Chai has been a member of the Institute of Chartered Secretaries and Administrators of England and Wales since August 1987 and has more than 10 years of experience in managing the administration and operations of companies in Malaysia and Singapore. Ms. Chai is a sister of Mr. Chai Sing Hong.

Mr. Peter C. Duncan, aged 53, is an executive Director of the Group, Chief Executive of DBS(E) and head of the Group's licensing team. He was engaged by the Group in June 2001. Mr. Duncan is responsible for the overall operation and planning of DBS(E) and participates in the strategic planning and development of the Group. Mr. Duncan is a graduate of Cambridge University and presents lectures on brand licensing and marketing at Nottingham Trent University, England. Mr. Duncan has approximately 30 years of experience in the international apparel industry. Prior to joining in the Group, Mr. Duncan held key management positions in the major international apparel companies such as Viyella Menswear and Coats Viyella International Brand Marketing. Mr. Duncan was also responsible for the successful introduction of the Byford Brandname to Asia in the 1980s.

Non-executive director

Mr. Choong Khuat Leok, aged 41, is a non-executive Director. Mr. Choong qualified as a chartered accountant in the UK and practiced in the accountancy profession since then until February 2003. He brings with him over 18 years experience in the corporate finance, assurance and advisory services lines.



Mr. Choong served as a member of the Hong Kong Society of Accountants' Auditing Standards Committee from 1993 to 1999 and is currently a fellow member of the Institute of Chartered Accountants in England and Wales, an associate and practising member of the Hong Kong Society of Accountants, a member of the Hong Kong Securities Institute and was an investment representative under the Hong Kong Securities Ordinance from March 2001 to February 2003.

Mr. Choong is an accountancy graduate of the London Guildhall University (formerly the City of London Business School) with a post-graduate MBA degree awarded by the J.L. Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology. Mr. Choong joined the Group in March 2003.

Independent non-executive directors

Mr. Chow Chi Kiong Vincent, aged 56, was appointed by the Company as a Director on 7th May, 2003. Mr. Chow has been a member of the American Institute of Certified Public Accountants and New York State Society of Certified Public Accountants since 1983, he has more than 30 years of experience in investment banking, banking, capital markets, private banking operations, fund management and business liquidations. Mr. Chow holds a Bachelor of Business Administration and an associate in Applied Science degree, both from the Pace University, New York. He is also an Associate Member of the Hong Kong Securities Institute. Mr. Chow has worked as a financial controller in the banking and investment banking industry in Hong Kong for 6 years.

Mr. Yue Kwai Wa, Ken, aged 37, was appointed by the Company as a Director on 7th May, 2003. He is a director of WinKas Company Limited, a financial and management consulting services company in Hong Kong. Prior to joining WinKas Company Limited, he worked in Dao Heng Securities Limited in various roles including compliance and finance between 1998 and 2002. He also worked at the Regulation Division of the Stock Exchange from June to September 1998. He worked in the accounting and audit field from 1993 to 1997 and is an associate member of the American Institute of Certified Public Accountants.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2003, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules were as follows:

Long positions in shares of the Company

Name	Type of interest	Number of issued shares held	% of issued share capital
Mr. Chai Sing Hong (Note)	Personal and Corporate	124,082,043	62.04%
Ms. Chai Sing Fai, Jane	Personal	13,717,957	6.86%

Note: Donald Byford & Sons Pte. Limited, a company incorporated in Singapore holds 620,426 shares of the Company, representing 0.31% of the entire issued share capital of the Company. It is legally and beneficially owned as to 90% by Mr. Chai Sing Hong and 10% by Ms. Chai Sing Fai, Jane and accordingly, Mr. Chai Sing Hong is deemed to be interested in shares of the Company held by Donald Byford & Sons Pte. Limited under the SFO.

Long positions in underlying shares of the Company

The Company has adopted two share option schemes, namely the Employee Share Option Scheme and the Pre-IPO Share Option Scheme as defined in the prospectus dated 23rd June, 2003 issued by the Company.

Under the terms of the Employee Share Option Scheme adopted by the Company on 10th June, 2003, the board of directors of the Company (the "Board") or its duly authorised committee (the "Committee") may, at its absolute discretion, invite, inter alia, any employees, directors, shareholders, distributors and suppliers and such other persons whom the Board or the Committee considers to have contributed or will contribute to the Group to take up options to subscribe for the Company's shares. The Employee Share Option Scheme became effective upon the listing of the Company's shares on GEM on 27th June, 2003. No options had been granted under the Employee Share Option Scheme as at 30th September, 2003.



In recognition of the contribution of certain directors and employees of the Group to the growth of the Group and/or the listing of the shares of the Company on GEM, the Company adopted the Pre-IPO Share Option Scheme on 10th June, 2003. Pursuant to the terms of the Pre-IPO Share Option Scheme, options to subscribe for 20,000,000 shares of the Company were granted to 4 directors of the Company and 5 employees of the Group on 10th June, 2003, at an exercise price of HK\$0.30 per share in the Company.

Details of such options granted to the Directors under the Pre-IPO Share Option Scheme are as follows:

Name of grantee	Date of grant	Number of underlying shares of the Company	Outstanding as at 27th June, 2003 and 30th September, 2003	Percentage of the enlarged issued share capital of the Company
Mr. Chai Sing Hong	10th June, 2003	14,000,000	14,000,000	7%
Ms. Chai Sing Fai	10th June, 2003	2,000,000	2,000,000	1%
Mr. Peter C. Duncan	10th June, 2003	1,000,000	1,000,000	0.50%
Mr. Choong Khuat Leok	10th June, 2003	1,666,666	1,666,666	0.83%

The period during which the options granted pursuant to the Pre-IPO Share Option Scheme is exercisable is as follows:

Date When Option May be exercised	Percentage of Shares comprised in the option which is exercisable
1. 12 months after 27th June, 2003	Up to 25%
2. 15 months after 27th June, 2003	Up to 50%
3. 21 months after 27th June, 2003	Up to 75%
4. 27 months after 27th June, 2003	Up to 100%

Save as disclosed above, as at 30th September, 2003, none of the directors or chief executive of the Company had interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules.



SUBSTANTIAL SHAREHOLDERS OF THE COMPANY AND PERSONS WITH INTERESTS IN THE COMPANY WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

So far as the directors or chief executive of the Company are aware, as at 30th September, 2003, the persons or companies (not being a director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which are required to be kept under section 336 of the SFO were as follows:

Long positions in shares of the Company

Name	Capacity	Type of interest	Number of issued shares held	% of issued share capital
YST International Investment Fund	Beneficial owner	Other	12,000,000	6.00%
JAIC International (Hong Kong) Limited	(Note 1)	Other	12,000,000	6.00%
Japan Asia Investment Co. Ltd.	(Note 2)	Other	12,000,000	6.00%
Takefuji Corporation	(Note 3)	Other	12,000,000	6.00%
Chan Wai Yee	(Note 4)	Other	124,082,043	62.04%

Notes:

1. JAIC International (Hong Kong) Limited holds 1 unit in YST International Investment Fund representing approximately 8.33% of the entire issued units of YST International Investment Fund but is the investment manager of YST International Investment Fund and accordingly is deemed interested in the 12,000,000 shares of the Company held by YST International Investment Fund under the SFO.
2. Japan Asia Investment Co. Ltd. holds 1 unit in YST International Investment Fund representing approximately 8.33% of the entire issued units of YST International Investment Fund but is the investment manager of YST International Investment Fund and accordingly is deemed interested in the 12,000,000 shares of the Company held by YST International Investment Fund under the SFO.
3. Takefuji Corporation (a company listed on the First Section of The Tokyo Stock Exchange, Inc. and London Stock Exchange Plc.) holds 10 units in YST International Investment Fund representing approximately 83.33% of the entire issued units of YST International Investment Fund and accordingly is deemed interested in the 12,000,000 shares of the Company held by YST International Investment Fund under the SFO.
4. Ms. Chan Wai Yee is deemed to be interested in the 124,082,043 shares of the Company in which Mr. Chai Sing Hong, her spouse is interested under the SFO.

Long Positions in Underlying Shares

Ms. Chan Wai Yee is deemed to be interested in 14,000,000 underlying shares of the Company by virtue of the options granted to his spouse, Mr. Chai Sing Hong to subscribe for 14,000,000 shares of the Company pursuant to the Pre-IPO Share Option Scheme.

Save as disclosed above, as at 30th September, 2003, no person (not being a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which are required to be kept under section 336 of the SFO.

By order of the Board of
Byford International Limited
Chai Sing Hong
Chairman

Hong Kong, 14 November, 2003