



BYFORD INTERNATIONAL LIMITED

百富國際有限公司

(incorporated in the Cayman Islands with limited liability)

INTERIM REPORT 2004

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 the 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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM. 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 reports in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, 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 report.

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 the GEM of the Exchange (“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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CONDENSED CONSOLIDATED INCOME STATEMENT*For the six months ended 30th June, 2004*

		Three months ended		Six months ended	
		30th June,		30th June,	
		2004	2003	2004	2003
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
NOTES		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover		11,164	9,966	23,315	23,147
Cost of sales		(5,885)	(4,978)	(12,613)	(12,126)
Gross profit		5,279	4,988	10,702	11,021
Other operating income		14	163	409	233
Selling and distribution costs		(1,709)	(1,171)	(3,409)	(2,654)
Administrative expenses		(3,657)	(2,506)	(7,081)	(5,258)
Amortisation on trademarks		(233)	(229)	(463)	(459)
(Loss) profit from operations		(306)	1,245	158	2,883
Finance costs		(209)	(350)	(374)	(696)
(Loss) profit before taxation	5	(515)	895	(216)	2,187
Taxation credit (charge)	6	203	(57)	58	(69)
(Loss) profit for the period		(312)	838	(158)	2,118
		HK cents	HK cents	HK cents	HK cents
(Loss) earnings per share	8				
— Basic		(0.16)	0.50	(0.08)	1.30
— Diluted		N/A	0.50	N/A	1.30

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2004

		30th June, 2004 (Unaudited) HK\$'000	31st December, 2003 (Audited) HK\$'000
	NOTES		
Non-current assets			
Trademarks		15,336	15,628
Plant and equipment		2,350	2,686
Deferred tax assets		442	430
		<u>18,128</u>	<u>18,744</u>
Current assets			
Inventories		10,971	8,836
Trade receivables	9	18,376	19,483
Other receivables, deposits and prepayments		2,414	904
Bank balances and cash		3,601	1,979
		<u>35,362</u>	<u>31,202</u>
Current liabilities			
Trade payables	10	8,328	6,338
Other payables and accruals		4,619	5,568
Taxation payable		123	440
Obligations under finance leases — due within one year		536	530
Bank borrowings — due within one year	11	8,742	2,942
		<u>22,348</u>	<u>15,818</u>
Net current assets		<u>13,014</u>	<u>15,384</u>
Total assets less current liabilities		<u>31,142</u>	<u>34,128</u>
Non-current liabilities			
Obligations under finance leases — due after one year		427	687
Bank borrowings — due after one year	11	1,712	2,432
		<u>2,139</u>	<u>3,119</u>
Net assets		<u>29,003</u>	<u>31,009</u>
Capital and reserves			
Share capital	12	2,000	2,000
Reserves		27,003	29,009
Shareholders' funds		<u>29,003</u>	<u>31,009</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30th June, 2004*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated (losses) profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2003	7,205	—	—	(126)	(4,570)	2,509
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	422	24,898	—	—	—	25,320
Expenses incurred in connection with issue of shares	—	(9,572)	—	—	—	(9,572)
Profit for the period	—	—	—	—	2,118	2,118
At 30th June, 2003	<u>2,000</u>	<u>18,428</u>	<u>7,206</u>	<u>(126)</u>	<u>(2,452)</u>	<u>25,056</u>
At 1st January, 2004	2,000	18,428	7,205	(126)	3,502	31,009
Effect of exchange differences arising from translation of financial statements of overseas subsidiaries and net gain not recognised in the income statement	—	—	—	152	—	152
Dividend paid	—	—	—	—	(2,000)	(2,000)
Loss for the period	—	—	—	—	(158)	(158)
At 30th June, 2004	<u>2,000</u>	<u>18,428</u>	<u>7,205</u>	<u>26</u>	<u>1,344</u>	<u>29,003</u>

The special reserve represents the difference between the nominal value of the shares of D Byford Holdings Limited ("D Byford Holdings"), 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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2004

	Six months ended 30th June,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in) generated from operating activities	(621)	959
Net cash used in investing activities	(78)	(80)
Net cash (used in) generated from financing activities	<u>(2,131)</u>	<u>25,358</u>
Net (decrease) increase in cash and cash equivalents	(2,830)	26,237
Cash and cash equivalents at beginning of the period	515	(5,999)
Effect of foreign exchange rate changes	<u>(131)</u>	<u>—</u>
Cash and cash equivalents at end of the period	<u>(2,446)</u>	<u>20,238</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	3,601	25,556
Bank overdrafts	<u>(6,047)</u>	<u>(5,318)</u>
	<u>(2,446)</u>	<u>20,238</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30th June, 2004***1. GROUP REORGANISATION**

The Company was incorporated and registered as an exempted company with limited liability in the 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 GEM of the 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 Exchange on 27th June, 2003.

The consolidated results for each of the three months and the six months ended 30th June, 2003 and 2004 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 GEM Listing Rules and with International Accounting Standard 34 "Interim Financial Reporting".

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 annual financial statements of the Group for the year ended 31st December, 2003.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company's operations are regarded as a single segment comprising the sale and distribution of men's innerwear, socks and apparel, and related royalties income.

An analysis of the Group's turnover and results by geographical market is as follows:

For the six months ended 30th June, 2004

	Malaysia HK\$'000	Singapore HK\$'000	Dubai HK\$'000	Other HK\$'000	Total HK\$'000
Segment turnover					
Sale of men's innerwear, socks and apparel	9,335	8,680	2,403	329	20,747
Royalties income	—	—	—	2,568	2,568
	<u>9,335</u>	<u>8,680</u>	<u>2,403</u>	<u>2,897</u>	<u>23,315</u>
Segment results					
Sale of men's innerwear, socks and apparel	529	240	67	8	844
Royalties income	—	—	—	1,566	1,566
	<u>529</u>	<u>240</u>	<u>67</u>	<u>1,574</u>	<u>2,410</u>
Unallocated corporate expenses					<u>(2,252)</u>
Profit from operations					158
Finance costs					<u>(374)</u>
Loss before taxation					<u>(216)</u>

For the six months ended 30th June, 2003

	Malaysia HK\$'000	Singapore HK\$'000	Dubai HK\$'000	Other HK\$'000	Total HK\$'000
Segment turnover					
Sale of men's innerwear, socks and apparel	8,734	8,597	2,687	804	20,822
Royalties income	—	—	—	2,325	2,325
	<u>8,734</u>	<u>8,597</u>	<u>2,687</u>	<u>3,129</u>	<u>23,147</u>
Segment results					
Sale of men's innerwear, socks and apparel	1,112	675	202	61	2,050
Royalties income	—	—	—	1,047	1,047
	<u>1,112</u>	<u>675</u>	<u>202</u>	<u>1,108</u>	<u>3,097</u>
Unallocated corporate expenses					(214)
Profit from operations					2,883
Finance costs					(696)
Profit before taxation					<u>2,187</u>

5. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss) profit before taxation has been arrived at after charging:		
Depreciation	446	408
Operating lease payments in respect of land and buildings	729	733
Interest on:		
Borrowings wholly repayable within five years	336	660
Finance leases	<u>38</u>	<u>36</u>

6. TAXATION CREDIT (CHARGE)

Six months ended 30th June,	
2004	2003
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

The credit (charge) comprises:

Malaysia income tax	(25)	(24)
Singapore income tax	83	(45)
	<u>58</u>	<u>(69)</u>

The Malaysia income tax and Singapore income tax are calculated at a rate of 28% (2003: 28%) and 20% (2003: 22%), respectively, on the assessable profits of the Group arising in respective jurisdictions during both periods. The tax credit for the six months ended 30th June, 2004 represents an overprovision of tax in prior years.

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

7. DIVIDEND

The Directors do not recommend a dividend payment for the three months or the six months ended 30th June, 2004 (2003: Nil).

8. (LOSS) EARNINGS PER SHARE

Three months ended 30th June,		Six months ended 30th June,	
2004	2003	2004	2003
(unaudited)	(unaudited)	(unaudited)	(unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000

(Loss) earnings for the purpose of calculating earnings per share	<u>(312)</u>	<u>838</u>	<u>(158)</u>	<u>2,118</u>
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Number of shares:

Number/weighted average number of shares for the purpose of basic (loss) earnings per share (Note)	200,000,000	168,911,111	200,000,000	163,355,556
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Number/weighted average number of shares for the purpose of diluted (loss) earnings per share (Note)	<u>N/A</u>	<u>169,297,851</u>	<u>N/A</u>	<u>163,548,926</u>
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Note:

The calculation of the basic earnings per share for the three months and the six months ended 30th June, 2003 is based on the Group's profit for the period 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, 2003.

No diluted loss per share has been calculated for the six months ended 30th June, 2004 as the exercise of the share options would result in a decrease in the loss per share for the period.

The calculation of the diluted earnings per share for the three months and six months ended 30th June, 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).

9. **TRADE RECEIVABLES**

The Group allows an average credit period of 60 to 120 days to its trade customers. The aged analysis of trade receivables at the respective balance sheet dates is as follows:

	30th June, 2004 (Unaudited) HK\$'000	31st December, 2003 (Audited) HK\$'000
Within 30 days	8,017	10,904
31 — 60 days	4,937	4,409
61 — 90 days	1,475	2,741
91 — 120 days	3,947	947
Over 120 days	—	482
	<u>18,376</u>	<u>19,483</u>

10. **TRADE PAYABLES**

The aged analysis of trade payables at the respective balance sheet dates is as follows:

	30th June, 2004 (Unaudited) HK\$'000	31st December, 2003 (Audited) HK\$'000
Within 30 days	3,319	2,161
31 — 60 days	1,637	1,860
61 — 90 days	2,100	1,394
91 — 120 days	532	778
Over 120 days	740	145
	<u>8,328</u>	<u>6,338</u>

11. BANK BORROWINGS

	30th June, 2004 (Unaudited) HK\$'000	31st December, 2003 (Audited) HK\$'000
Bank overdrafts	6,047	1,464
Trust receipt loans	1,201	—
Bank loans	3,206	3,910
	<u>10,454</u>	<u>5,374</u>
<i>Less: Amount due within one year shown under current liabilities</i>	<u>(8,742)</u>	<u>(2,942)</u>
Amount due after one year	<u>1,712</u>	<u>2,432</u>

12. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
At the date of incorporation	38,000,000	380
Increased during the period	<u>962,000,000</u>	<u>9,620</u>
At 30th June, 2003 and at 30th June, 2004	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each</i>		
Issue of share to initial subscriber	1	—
Issue of shares	14,099	—
Issue of shares on acquisition of a subsidiary	14,100	—
Issue of shares upon conversion of convertible note	1,800	—
Issue of shares by capitalisation of the share premium account	157,770,000	1,578
Issue of shares on placing	<u>42,200,000</u>	<u>422</u>
At 30th June, 2003 and at 30th June, 2004	<u>200,000,000</u>	<u>2,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover

The Company has maintained level turnover compared to prior period with overall turnover of the Group for the six months ended 30th June, 2004 ("the Reported Period") increased by 0.73% year on year to HK\$23,315,000.

Byford, as a strong worldwide brand, will continue to increase market awareness of its products and brand across different Asian countries with a focus on Greater China, and to this effect, will continue to pursue its branding and sponsorship programmes.

Profit (loss) from operation

Operating profit for the Reported Period stood at HK\$158,000 compared to an operating profit of HK\$2,883,000 as a result of the following contributing factors:

- Gross profit reduced by 1.7% to 45.9% compared to 47.6% for corresponding period in 2003 as a result of an overprovision of royalties payable on non *Byford* products taken against cost of sales in prior years;
- Selling and distribution costs have increased to 14.60% compared to 11.50% for 2003 as a result of an increase in promotional activities and the opening of three new sales counters in Malaysia; and
- Administrative expenses have increased by HK\$1,826,000 and represents 32.4% (2003: 24.70%) of turnover as a result of additional costs incurred on quarterly announcements on GEM and other compliance costs and an increase in overseas traveling.

Finance costs

Finance costs continue to fall by 46.12% to HK\$ 375,000 as a result of the stronger balance sheet of the Company.

Net loss

Loss before taxation decrease to HK\$216,000 as compared to a profit of HK\$2,187,000 for the prior period mainly as a result of decreased gross margins and significantly higher administrative expenses due to quarterly compliance costs and overseas traveling. The tax credit for the Reported Period relates to an overprovision of overseas tax in prior year. Loss after tax was HK\$158,000 compared to a profit after tax of HK\$2,118,000. The Group's EBITDA decreased to HK\$1,067,000 from HK\$3,750,000.

Liquidity and Financial Resources

The Group used HK\$621,000 to fund its operations mainly as a result of increased inventories of HK\$2,135,000, decreased trade receivables of HK\$1,107,000, increased payments made to other receivable, deposit and prepayment of HK\$1,510,000, decreased payments to trade suppliers of HK\$1,990,000 and an increase in payments to other payables and accruals of HK\$949,000.

The Group ended the six month period with bank balances and cash of HK\$3,601,000 and bank overdraft of HK\$6,047,000 leaving net overdrawn cash and cash equivalents of HK\$2,446,000 and has unutilised banking facilities of HK\$4,417,000.

The Group's current ratio compared to prior period continues to strengthen to 1.58 from 1.35. Debtor days increased to 143 from 83 as a result of peak sales period during the last quarter ended 31st December, 2003 while creditor days stood at 120 compared to 107. The Group's gearing ratio stood to 28.2% compared to 38.3% at 30th June, 2003.

HK\$2,000,000 dividend was paid during the period ended 30th June, 2004 (2003:Nil) in respect of the declared dividend for the year ended 31st December, 2003.

Major movements in the Condensed Consolidated Cash Flow Statement between 30th June, 2004 and 30th June, 2003 resulting in the net cash and cash equivalents to an overdrawn position of HK\$2,446,000 from net cash position of HK\$20,238,000 are as follows:

- increase in inventories of HK\$3,356,000;
- increase in trade receivables of HK\$7,788,000;
- increase in other receivables, deposit, and prepayments of HK\$1,843,000;
- decrease in other payables and accruals of HK\$10,142,000;

The movements in the above balances have resulted in an enhancement of the Group's working capital needs.

At the Reported Period end, total bank borrowings of HK\$10,454,000 were outstanding and the Group has trademarks and assets pledged as security for its banking facilities and trust receipts for trade finance. There has been no major capital expenditure during the Reported Period.

Use of Proceeds from IPO

	Actual usage from 1st April to 30th June, HK\$'000
Brand building	254
Developing new licence territories	89
Developing new distribution markets	76
Integrated global sourcing	73
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	492
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BUSINESS REVIEW

Trading

During the Reported Period, the Group has achieved a total trading revenue of HK\$23,315,000 as compared to HK\$23,147,000 for the same period last year. The 0.73% increase in revenue is mainly attributable to seasonal sales movements.

Turnover from geographical segments for Malaysia, Singapore and export to Dubai under IGS achieved stable growth rates of 6.88% and 0.97% respectively and turnover from Dubai declined by 10.58%.

Licensing

During the Reported Period, the Group has further progressed the worldwide management of its Licensees through the finalizing of directives on Quality Control, Range Structure and Visual Imagery. Discussions continue with a number of potential new Licensees in the markets of South-East Asia and the Middle East. Research has commenced to identify and appoint a new Licensee in Russia.

Business Objectives

Details of the Group's business objectives are set out in the section headed "Statement of Business Objectives" in the Prospectus. Save as disclosed above, the Company has no other investment plan as at 30th June, 2004.

Comparison between Business Objectives and actual business growth

Business Objectives stated in the Prospectus

Actual progress as at 30th June, 2004

Brand building

The Group has sustained steady progress in the direction and monitoring of all aspects of its global Licensees' representation of the brand.

Developing new licence territories

The Group continues in its efforts to identify and appoint new Licensees in South-East Asia, the Middle East and now Russia.

*Business Objectives
stated in the Prospectus**Actual progress as
at 30th June, 2004*

Developing new distribution markets

The Group is continuing in its efforts to research and explore business opportunities in new distribution markets.

Integrated Global Sourcing (“IGS”)

New theme collections are continually being introduced to the existing Licencee network whilst wholly new Underwear and Loungewear releases are in the pipeline for later this year.

Customer relationship management
 (“CRM”)

The Company will be continuing the review of its CRM requirements with suitable vendors.

Outlook

The Group will continue to discuss with a number of potential new Licencees in the markets of South-East Asia and the Middle East. Research has commenced to identify and appoint a new Licensee in Russia. Secondly, the Group is also in discussions with distributors and retailers to increase its brand recognition in North America.

The Group will continue to leverage its IGS platform to maximize the benefits of its sourcing capabilities. It is expected that the IGS platform will facilitate additional orders from the Licensees and thus, corresponding sales through IGS will increase. In the future, the Group will continue to further enhance the features of the IGS platform and explore the possibility to introduce product extensions and new product ranges through the IGS platform.

For its brand building efforts, the Group will continue to carry out relevant marketing activities, such as event sponsorships, to further promote the *Byford* brand name.

With its well-developed sourcing and distribution network coupled with its brand management expertise, the Group is confident that it has the optimal business model to extend its *Byford* product range, gain further worldwide brand recognition and explore avenues to strategically assist in distributing additional consumer products in Asia.

Looking forward to the rest of 2004, the Group will be working closely with its new major controlling shareholder, Roly International Holdings Ltd. (“RIHL”) to identify areas of synergistic benefit. The Group hopes to utilise the sourcing and distribution network of RIHL and its subsidiaries, to further enhance its future business.

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 this interim results and subsequent quarterly announcements. 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 June, 2004, the Group employed a total of 90 employees (2003: 82). 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.

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 June, 2004, 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 comprised 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 period ended 30th June, 2004.

The Audit Committee met on 12th August, 2004 to review and consider this quarter's results with the auditors and to recommend to the Board for its approval of these results.

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 Rules) 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 37, 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 46, 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 54, is an executive Director of the Group, Chief Executive of Donald Byford & Sons Limited (“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 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 Directors

Mr. Choong Khuat Leok, aged 42, is a non-executive Director. Mr. Choong qualified as a chartered accountant in the United Kingdom and practised in the accountancy profession since then until February 2003. He brings with him over 18 years of 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.

Mr. Md Wira Dani Bin Abdul Daim, aged 26, was appointed by the Company as a non-executive Director on 4th May, 2004. Mr. Wira has a Bachelor of Science degree from Wolfson College at Cambridge University, United Kingdom. He brings with him a wide business network in Asia-Pacific and has been a consultant to a major infrastructure and public utility group in Malaysia. He is currently involved in property development and investment aspects of the Group. Mr. Wira will endeavour to assist the Company in sourcing, procuring and extending its business network by means of securing suitable business, financial or strategic alliances.

Independent Non-Executive Directors

Mr. Chow Chi Kiong, Vincent, aged 57, 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 39, was appointed by the Company as a Director on 7th May, 2003. Also, he has been appointed as an independent non-executive director and audit committee member of LouLan Holdings Limited (stock code 8039), a company listed on the GEM of the Exchange, on 10th August 2004. He is also a director of Winkas Company Limited, a financial and management consulting service company in Hong Kong, Monitronic Limited and Monitronix Limited, both engaged in trading of telecommunication products in Hong Kong. Prior to that, 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 Exchange during 1998. Previously he was 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 June, 2004, 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 5.46 to 5.68 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	Personal and Corporate (<i>Note 1</i>)	124,082,043	62.04%
Ms. Chai Sing Fai	Personal	13,717,957	6.86%
Mr. Md Wira Dani Bin Abdul Daim	Corporate (<i>Note 2</i>)	8,500,000	4.25%

Note:

1. Donald Byford & Sons Pte. Limited, a company incorporated in Singapore holds 620,426 shares of the HK\$0.01 each in the Company ("Shares"), 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 and accordingly, Mr. Chai Sing Hong is deemed to be interested in the Shares held by Donald Byford & Sons Pte. Limited under the SFO. Mr. Chai Sing Hong through his shareholding interest in Donald Byford & Sons Pte. Limited, also constitutes a substantial shareholder of the Company (as the term shall be defined in the GEM Listing Rules).
2. Skyline Agents Limited, a company incorporated in the British Virgin Islands, holds 8,500,000 Shares, representing 4.25% of the entire issued share capital of the company. It is legally and beneficially wholly owned by Mr. Wira Dani Daim; accordingly he is deemed to be interested in the Shares held by Skyline Agents 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 or its duly authorised committee (the "Committee") may, at its absolute discretion, grant, 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 options to subscribe for the 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 June, 2004.

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 on GEM, the Company adopted the Pre-IPO Share Option Scheme ("Options") on 10th June, 2003. Pursuant to the terms of the Pre-IPO Share Option Scheme, options to subscribe for 20,000,000 shares 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.

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

Date of grant	Date of grant	Number of underlying shares	Outstanding as at 27th June, 2003 and 31st December, 2003	Percentage of the issued share capital of the Company as at the date herof
Mr. Chai Sing Hong	10th June, 2003	14,000,000	14,000,000	7.00%
Ms. Chai Sing Fai	10th June, 2003	2,000,000	2,000,000	1.00%
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 June, 2004, 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 5.46 to 5.68 of the GEM Listing Rules.

Subsequent to the Reported Period, 16,000,000 Options, granted to Mr. Chai and Ms. Chai have been relinquished and cancelled. Of the 4,000,000 Options granted to 4 directors and 5 employees of the Group (the "Option holders"), the remaining Option holders entitled to 1,000,000 Options that are currently exercisable have accepted the mandatory unconditional cash offer made by RIHL as disclosed in the circular to shareholders and Option holders dated 28th July, 2004. The remaining 3,000,000 Options granted pursuant to the Pre-IPO Share Option Scheme that are not yet exercisable, pursuant to the terms of the Pre-IPO Share Option Scheme, lapse automatically.

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 June, 2004, the persons or companies (not being a director or chief executive of the Company) who had interests or short positions (directly or indirectly) in the shares or underlying shares which are required to be kept under the provisions of Divisions 2 and 3 of Part XV 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%
Ms. 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 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 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 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 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 June, 2004, 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 the provisions of Divisions 2 and 3 of the SFO.

By order of the Board of
Byford International Limited
Choong Khuat Leok
Company Secretary

Hong Kong, 12th August, 2004