



# BYFORD INTERNATIONAL LIMITED

## 百富國際有限公司

(incorporated in the Cayman Islands with limited liability)

## THIRD QUARTERLY 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](http://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.*

The Board of Directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30th September, 2004 together with comparative unaudited figures for the corresponding periods in 2003 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the nine months ended 30th September, 2004*

		Three months ended 30th September,		Nine months ended 30th September,	
		2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
	<i>Notes</i>				
Turnover		9,938	10,196	33,253	33,343
Cost of sales		(5,183)	(4,339)	(17,796)	(16,465)
Gross profit		4,755	5,857	15,457	16,878
Other operating income		10	258	419	491
Selling and distribution costs		(1,723)	(1,317)	(5,132)	(3,971)
Administrative expenses		(4,465)	(2,790)	(11,546)	(8,048)
Amortisation on trademarks		(233)	(230)	(696)	(689)
(Loss) profit from operations		(1,656)	1,778	(1,498)	4,661
Finance costs		(247)	(172)	(621)	(868)
(Loss) profit before taxation		(1,903)	1,606	(2,119)	3,793
Taxation credit (charge)	3	1	(120)	59	(189)
(Loss) profit for the period		(1,902)	1,486	(2,060)	3,604
		<i>HK cent</i>	<i>HK cent</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss) earnings per share	5				
— Basic		(0.95)	0.74	(1.03)	2.05
— Diluted		N/A	0.74	N/A	2.05

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the nine months ended 30th September, 2004*

### 1. 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.

### 2. 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.

### 3. TAXATION CREDIT (CHARGE)

Three months ended		Nine months ended	
30th September,		30th September,	
2004	2003	2004	2003
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000

The credit (charge) comprises:

Malaysia income tax	2	(12)	(23)	(36)
Singapore income tax	(1)	(108)	82	(153)
	<u>1</u>	<u>(120)</u>	<u>59</u>	<u>(189)</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 the respective jurisdiction during both periods. The tax credit for the nine months ended 30th September, 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.

### 4. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months or nine months ended 30th September, 2004 (2003: Nil).

## 5. (LOSS) EARNINGS PER SHARE

	Three months ended 30th September, 2004		Nine months ended 30th September, 2004	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
(Loss) earnings for the purpose of calculating earnings per share	<u>(1,902)</u>	<u>1,486</u>	<u>(2,060)</u>	<u>3,604</u>
Number of shares:				
Number/weighted average number of shares for the purpose of basic (loss) earnings per share ( <i>Note</i> )	200,000,000	200,000,000	200,000,000	175,570,370
Weighted average number of shares for the purpose of diluted (loss) earnings per share ( <i>Note</i> )	<u>N/A</u>	<u>201,379,731</u>	<u>N/A</u>	<u>176,030,281</u>

*Note:*

The calculation of the basic earnings per share for the three months and nine months ended 30th September, 2004 is based on the Group's (loss) profit for the periods and on the number of shares of the Company that have been in issue throughout the period.

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

## 6. RESERVES

	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	—	—	(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	<u>18,428</u>	<u>7,206</u>	<u>(126)</u>	<u>(966)</u>	<u>24,542</u>
At 1st January, 2004	18,428	7,205	(126)	3,502	29,009
Contribution from a minority shareholder/director	—	—	—	790	790
Effect of exchange differences arising from translation of financial statements of overseas subsidiaries	—	—	267	—	267
Net gain not recognised in the income statement	—	—	267	790	1,057
Dividend paid	—	—	—	(2,000)	(2,000)
Loss for the period	—	—	—	(2,060)	(2,060)
At 30th September, 2004	<u>18,428</u>	<u>7,205</u>	<u>141</u>	<u>232</u>	<u>26,006</u>

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.

Contribution from a minority shareholder/director represents amount reimbursed by the minority shareholder, who is also a director of the Company, for the exchange loss incurred by the Group upon settlement of payable for the acquisition of trademark.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Turnover

The Group has maintained level turnover compared to prior period with overall turnover of the Group for the nine months ended 30th September, 2004 (the "Reported Period") reduced by 0.3% year on year to HK\$33,253,000.

*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 loss for the Reported Period stood at HK\$1,498,000 compared to an operating profit of HK\$4,661,000 as a result of the following contributing factors:

- gross profit reduced by 4.1% to 46.5% compared to 50.6% for the corresponding period in 2003 as a result of an overprovision of excess inventory provision written back against cost of sales for 2003. The average budgeted gross profit margin has remained stable at between 40%-45%;
- selling and distribution costs have increased to 15.4% compared to 11.9% 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\$3,498,000 and represents 34.7% (2003: 24.1%) of turnover as a result of one-off exceptional costs incurred by the Company for appointing independent financial advisers and related legal costs in connection with circular to shareholders dated 28th July, 2004 of HK\$317,000 in relation to the general offer for the Company's shares, foreign exchange loss of HK\$790,000 incurred upon the settlement of outstanding amount for acquisition of trademark, quarterly announcements on GEM and other compliance costs and increase in overseas traveling.

### Finance costs

Finance costs continued to fall by 28.5% to HK\$621,000.

### Net loss (profit)

Loss before taxation stood at HK\$2,119,000 as compared to a profit of HK\$3,793,000 for the prior period mainly as a result of decreased gross margins and significantly higher administrative expenses due to additional costs incurred as a result of issuing the abovementioned circular to shareholders and related announcements, foreign exchange loss, 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\$2,060,000 compared to a profit after tax of HK\$3,604,000.

### Liquidity and financial resources

The Group used HK\$2,973,000 to fund its operations mainly as a result of increase in inventories of HK\$3,089,000, decrease in trade receivables of HK\$179,000, increase in other receivable, deposits and prepayment of HK\$1,221,000, increase in payments to trade suppliers of HK\$384,000 and decrease in payments to other payables and accruals of HK\$4,317,000.

The Group ended the nine month period with bank balances and cash of HK\$387,000 and bank overdraft of HK\$3,538,000 leaving net overdrawn cash and cash equivalents of HK\$3,151,000 and has unutilised banking facilities of HK\$10,858,000.

The Group's current ratio compared to prior period is maintained at similar level at 1.84 compared to 1.86. Debtor days stood at 96 as a result of peak sales period during the last quarter ended 31st December, 2003 while creditor days stood at 87 compared to 88. The Group's gearing ratio increased to 23.5% at 30th September, 2004 compared to 16.4% at 30th September, 2003 as a result of the HK\$2,000,000 dividend paid during the period ended 30th September, 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 September, 2003 and 30th September, 2004 resulting in the net cash and cash equivalents to an overdrawn position of HK\$3,151,000 at 30th September, 2004 from net cash position of HK\$3,285,000 at 30th September, 2003 are as follows:

- increase in inventories of HK\$3,089,000;
- decrease in trade receivables of HK\$179,000;
- increase in other receivables, deposits, and prepayments of HK\$1,221,000;
- increase in trade payables of HK\$384,000; and
- decrease in other payables and accruals of HK\$4,317,000.



At the Reported Period end, total bank borrowings of HK\$7,844,000 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

	Actual usage from 1st July, 2004 to 30th September, 2004 HK\$'000
Brand building	145
Developing new license territories	77
Developing new distribution markets	2
Integrated global sourcing	156
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	380
	<hr/>

### BUSINESS REVIEW

#### Trading

During the Reported Period, the Group achieved a total trading revenue of HK\$33,253,000 approximately 0.3% low as compared to HK\$33,343,000 for the same period last year. The lack of growth in revenue is mainly attributable to seasonal sales movements and reduced sales in Malaysia due to tighter credit control measures introduced since the second quarter of 2004. The Malaysian retail industry has experienced an unexpected increase in credit risk pressure since the second quarter of 2004.

Turnover from geographical segments for Malaysia declined by 3.8%, Singapore increased 4.0% while export to Dubai under IGS declined by 8.0%.

#### Licensing

During the Reported Period, the Group has continued to strengthen the global direction and monitoring of its licensees ("Licensees") and to integrate their activities. Initial steps to restructure the United Kindom business have been taken whilst discussions continue with a number of potential new Licensees in the markets of South-East Asia and the Middle East. We are undertaking research 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" ("Business Objectives") in the Company's prospectus dated 23rd June, 2003. Save as disclosed above, the Company has no other investment plans as at 30th September, 2004.

## Comparison between Business Objectives and actual business growth

### *Business Objectives stated in the Prospectus*

### *Actual progress as at 30th September, 2004*

Brand building

The Group has further developed the means to manage all aspects of its worldwide Licensees representation of the brand, using IT-based methods wherever possible.

Developing new license territory

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

Developing new distribution markets

The Group is exploring opportunities to utilise the distribution capabilities of its new controlling shareholder, Roly International Holdings Ltd. ("Roly"), a company listed on the Singapore Exchange Securities Trading Limited.

Integrated global sourcing ("IGS")

Theme collections are being upgraded for the Group's international IGS customer. The new Easy to Wear (Loungewear) is scheduled for release post-Christmas and Signature Underwear thereafter.

Customer relationship management  
("CRM")

The Company will be reviewing its CRM requirements with the expanded resources of Roly.

## Outlook

The Group has taken initial steps to restructure its United Kingdom business whilst discussions continue with a number of potential new Licensees in the markets of South-East Asia and the Middle East. The Group is also conducting research to identify and appoint a new Licensee in Russia. The Group will continue to strengthen the global direction and monitoring of its Licensees and to integrate their activities.

The Group will continue to leverage its IGS platform to maximise the benefits of its sourcing capabilities. 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. The Group is planning an aggressive program, commencing with its participation in January 2005 of the “World Boutique, Hong Kong” concurrently with Hong Kong Fashion Week Fall/Winter 2005 organised by and held at the Hong Kong Convention and Exhibition Centre.

Looking ahead to the remainder of 2004, while there is no significant sales growth expected from Singapore, the Group foresees continued softening of retail segment and new credit control measures implemented in Malaysia that may result in further decline in revenue for Malaysia.

The Group, has apart from continuing to develop various strategic business relationships globally, achieved a major milestone by the participation of Pacific Genius Group Limited (“PGGL”, a wholly-owned subsidiary of Roly), the new controlling shareholder holding 70.3% equity interest in the Company.

Despite the small operating loss outlook, including a one-off exceptional cost incurred by the Company in connection with the general offer by Roly of HK\$1,107,000 for the current financial year ending 31st December, 2004, the Group will improve the economies of scale of its operations and greater tightening of its credit sanctioning of its distributors. An operating budget will be set aside next quarter to invest in advertising and promotion, brand management activities and to aggressively seek out and sign on capable Licensees to build brand awareness and identify clearer consumer demand with the view to gain greater product presence in the premium channels. Management intends to build on the heritage brand of *Byford* but at the same time, make *Byford* relevant for the contemporary young executive professionals.

With the positive high growth outlook in the key transitional markets in the Asia Pacific led by China and the continual development of premium marketing channels in these markets through the liberalisation of retail regulatory controls, the Company aims to build its licensing model, with the support of the Roly group, by streamlining its core product range in underwear and socks and introduce new product ranges to increase the licensing revenue share of the Group's income base.

### **Corporate governance**

The Group is committed to implementing good corporate governance and transparency in its financial statements and has appointed an additional independent non-executive director in compliance with the GEM Listing Rules. In addition, the Group has engaged its auditors, Messrs. Deloitte Touche Tohmatsu to review its third quarterly results announcement. The Group now has three independent non-executive directors who are all qualified accountants, namely Messrs. Chow Chi Kiong (chairman of the audit committee), Yue Kwai Wa, Ken and Chong Tao Boon, Vincent.

### **Human resources**

At 30th September, 2004, the Group employed a total of 88 employees (2003: 85). 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 do not recommend the payment of an interim dividend for the three months or the nine months ended 30th September, 2004 (2003: Nil).

### **Sponsor's interest**

On 10th September, 2004, the Company terminated its sponsor relationship with Kingston Corporate Finance Limited and on 19th August, 2004 entered into an agreement with Cazenove Asia Limited ("Cazenove"), whereby Cazenove will receive a fee for acting as the Company's continuing sponsor for the period commencing on 10th September, 2004 and expiring 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, 2004, none of Cazenove, 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 Institute of Certified Public Accountants ("HKICPA") (formerly known as 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 now comprises three independent non-executive Directors, namely Mr. Chow Chi Kiong, Mr. Yue Kwai Wa, Ken, and Mr. Chong Tao Boon, Vincent. 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 quarterly financial statements for the nine months ended 30th September, 2004.

The audit committee met on 8th November, 2004 to review and consider these quarterly 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 in 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.

### **Rules 17.15 to 17.21 of the GEM Listing Rules**

The Directors have confirmed that the Group was not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

### **Board practices and procedures**

During the nine months ended 30th September, 2004, the Company has complied with board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

### **Purchase, sale or redemption of Securities**

During the nine months ended 30th September, 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## Cancellation of share options

Pursuant to the joint announcement of PGGL, Roly and the Company on 18th August, 2004 regarding the closure and results of the mandatory cash offer by CLSA Limited on behalf of PGGL for all the issued share capital of, and for the cancellation of all exercisable options of the Company, PGGL has received valid acceptance of the option offer in respect of 999,997 exercisable options in aggregate, representing all outstanding exercisable options, and has subsequently cancelled all remaining unvested options for 3,000,003 shares. As a result of the abovementioned cash offer, there are no outstanding options under the Company's Pre-IPO Share Option Scheme. There has been no options granted under the Employee Share Option Scheme.

## DIRECTORS' PROFILE

### Executive directors

**Mr. Wang Lu Yen**, aged 50, has been appointed the chairman and an executive director of the Company with effect from 10th September, 2004. Mr. Wang is a co-founder, an executive director and the chairman of Roly, a company listed on the Singapore Exchange Securities Trading Limited and the ultimate holding company of the Company, and is presently responsible for the Roly group's corporate and strategic planning. He has also been the chairman and an executive director of Linmark Group Limited ("Linmark"), a subsidiary of Roly, since the shares of Linmark were listed on the Exchange in 2002. Mr. Wang has over 20 years of experience in the trading and distribution business. Mr. Wang is a member of the China Overseas Friendship Association (中華海外聯誼會), the deputy director general of the Retails and Supplies Committee in China General Chamber of Commerce (中國商業聯合會零售供貨商專業委員會), the Vice-chairman of China Committee in Hong Kong General Chamber of Commerce (香港總商會中國委員會), a member of the Hong Kong Policy Research Institute Limited (香港政策研究所), a founder and a director of the Taiwan Design Center (台灣創意設計中心), a director of the Soochow Management Academic Foundation of Soochow University (東吳大學企管文教基金會) and the Honorary Chairman of Taiwan Business Association (Hong Kong) Limited (香港台灣工商協會). Mr. Wang holds a Bachelor's degree in Business Administration from Soochow University, Taiwan.

**Mr. Chai Sing Hong**, aged 38, has been appointed the chief executive officer and an executive director of the Company since 10th February, 2003. 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.

**Mr. Khoo Kim Cheng**, aged 53, has been appointed an executive director and the compliance officer of the Company with effect from 10th September, 2004. Mr. Khoo is an executive director and the chief financial officer of Roly. Mr. Khoo has also been an executive director of Linmark since 2002. Mr. Khoo advises the Roly group on corporate finance related matters. Mr. Khoo has over 10 years of experience in corporate finance and financial management industry. Mr. Khoo worked for an international accounting firm and an investment bank prior to joining the Roly group in 1994. Mr. Khoo holds a Master degree of Business Administration from Southern Methodist University, Dallas, Texas. Mr. Khoo qualified as a Certified Public Accountant in the United States of America and is an associate member of the HKICPA.

**Mr. Lin Jui Hsien, Jacob**, aged 47, has been appointed an executive director of the Company with effect from 10th September, 2004. Mr. Lin is an executive director of Roly. Mr. Lin oversees the corporate planning of the China distribution business of the Roly group. Mr. Lin has over 15 years of experience in the trading and distribution industry. He holds a Bachelor's degree in Business Administration from Soochow University, Taiwan and a Master degree of Business Administration from the National Taiwan University, Taiwan. Mr. Lin worked as a deputy manager in the credit division of a Taiwanese bank prior to joining the Roly group in 1987.

**Mr. Choong Khuat Leok**, aged 42, has been appointed an alternate director to Mr. Chai Sing Hong, an executive director of the Company, with effect from 10th September, 2004. Mr. Choong qualified as a Chartered Accountant in United Kingdom 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 HKICPA, 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 as a non-executive director until 10th September, 2004 and is presently the chief financial officer and qualified accountant of the Company.

### Non-executive directors

**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 an honours 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. Mr. Wira will endeavour to assist the Company in sourcing, procuring and extending its business network by means of suitable business, financial or strategic alliances.

**Mr. George Chen**, aged 54, has been appointed a non-executive director of the Company with effect from 10th September, 2004. Mr. Chen is the chief executive officer of Roly China Distribution Limited under the Roly group. Prior to joining the Roly group in 2003, Mr. Chen was the chief executive officer of a food and beverage distribution company in China for 6 years. Mr. Chen holds a Bachelor's degree in Business Administration from Boston University, United States of America.

**Mr. King Jun Chih, Joseph**, aged 38, has been appointed an alternate director to Mr. George Chen, a non-executive director of the Company, with effect from 5th November, 2004. Mr. King joined Roly China Distribution Limited as the chief financial officer in September 2003 and was previously a consultant to Roly. Prior to joining the Roly group, Mr. King was a vice president of the Hong Kong branch of The Blackstone Group and worked at the mergers & acquisitions group of The Nikko Securities Co., Ltd. (currently renamed and known as Nikko Cordial Securities Inc.) in Japan. Mr. King is a Certified Public Accountant in the State of New York, United States of America and a Six Sigma Black Belt of the International Academy for Quality Certification.

### Independent non-executive directors

**Mr. Chow Chi Kiong**, 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 degree in Applied Science, both from the Pace University, New York, United States of America. 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 services 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.

**Mr. Chong Tao Boon, Vincent**, aged 46, has been appointed an independent non-executive director of the Company with effect from 15th September, 2004. Mr. Chong is the managing director of the Sallmanns group whose responsibilities include development of the business valuation division. Mr. Chong is a Chartered Accountant with 20 years of experience in the auditing and corporate finance business. He has extensive experience in financial analysis and corporate restructuring assignments. Prior to joining the Sallmanns group in 2002, Mr. Chong was a partner of an accounting firm in Hong Kong. Mr. Chong served as an independent non-executive director of Harbin Brewery Group Limited, a company listed on the Exchange, during the period from February 2002 to May 2003. Mr. Chong is a member of the Institute of Chartered Accountants in England and Wales, a fellow of the HKICPA, a fellow of the Institute of Taxation, Hong Kong and a Certified Public Accountant, Hong Kong.

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

As at 30th September, 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")) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules were as follows:

### (1) Long positions in the shares of the Company

Name	Type of interest	Number of issued shares held	% of issued share capital
Mr. Wang Lu Yen	Corporate ( <i>Note 1</i> )	140,609,990	70.30%
Mr. Chai Sing Hong	Personal	19,800,000	9.90%
Ms. Chan Wai Yee	Personal ( <i>Note 2</i> )	19,800,000	9.90%
Mr. Wira Dani Bin Abdul Daim	Corporate ( <i>Note 3</i> )	2,500,000	1.25%

#### *Notes:*

- As at 30th September, 2004, Mr. Wang Lu Yen, Mrs. Wang Liaw Bin Bin, the wife of Mr. Wang Lu Yen, and Megastar Holdings Limited, a company controlled by Mr. Wang Lu Yen, held approximately 34.83% of the issued share capital of Roly. Mr. Wang Lu Yen is thus deemed, by virtue of the SFO, to be interested in all the shares of the Company in which Roly is interested. As at 30th September, 2004, Roly, the ultimate holding company of the Company, through PGGL, held 140,609,990 shares, representing 70.30% of the issued share capital of the Company. As at 30th September, 2004, the issued share capital of Roly was US\$40,705,076.40 divided into 407,050,764 shares of US\$0.10 each.
- Ms. Chan Wai Yee is the spouse of Mr. Chai Sing Hong.
- Skyline Agents Limited, a company incorporated in the British Virgin Islands, holds 2,500,000 shares, representing 1.25% of the entire issued share capital of the Company. It is legally and beneficially wholly-owned by Mr. Wira Dani Bin Abdul Daim. Accordingly he is deemed to be interested in the shares held by Skyline Agents Limited under the SFO.

## (2) Long positions in the shares of associated corporations

Name of associated corporations	Name of Directors	Capacity	Number of issued shares held	Percentage shareholding as at 30th September, 2004
Roly ( <i>Note 1</i> )	Wang Lu Yen	Beneficial owner	20,200,000	4.96%
		Interests of spouse ( <i>Note 2</i> )	350,000	0.09%
		Interest of a controlled corporation ( <i>Note 3</i> )	121,243,500	29.79%
Roly	Khoo Kim Cheng	Beneficial owner	2,172,000	0.53%
Roly	Lin Jui Hsien, Jacob	Beneficial owner	3,161,298	0.78%
Linmark ( <i>Note 4</i> )	Wang Lu Yen	Beneficial owner	620,000	0.09%
		Interest of a controlled corporation ( <i>Note 5</i> )	437,340,000	66.81%
Linmark	Khoo Kim Cheng	Beneficial owner	170,000	0.03%

*Notes:*

- As at 30th September, 2004, Roly, the ultimate holding company of the Company, through PGGL, held 140,609,990 shares, representing 70.30% of the issued share capital of the Company. As at 30th September, 2004, the issued share capital of Roly was US\$40,705,076.40 divided into 407,050,764 shares of US\$0.10 each.
- These shares in Roly were held by Mrs. Wang Liaw Bin Bin, the wife of Mr. Wang Lu Yen.
- These shares in Roly were held by Megastar Holdings Limited, the entire issued share capital of which is owned by Mr. Wang Lu Yen. Mr. Wang Lu Yen is a director of Megastar Holdings Limited.
- As at 30th September, 2004, Roly, the ultimate holding company of Linmark, through RGS Holdings Limited, held 437,340,000 shares, representing approximately 66.81% of the issued share capital of Linmark. As at 30th September, 2004, the issued share capital of Linmark was US\$13,093,020 divided into 654,651,000 shares of US\$0.02 each.

5. These shares in Linmark were held by RGS Holdings Limited, the entire issued share capital of which is owned by Roly. As at 30th September, 2004, Mr. Wang Lu Yen, Mrs. Wang Liaw Bin Bin, the wife of Mr. Wang Lu Yen, and Megastar Holdings Limited, a company controlled by Mr. Wang Lu Yen, held approximately 34.83% of the issued share capital of Roly. Mr. Wang Lu Yen is thus deemed, by virtue of the SFO, to be interested in all the shares of Linmark in which Roly is interested.

**(3) Long positions in the 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 Company's prospectus dated 23rd June, 2003.

As a result of the general offer made by Roly on 18th August, 2004, there are no outstanding options under the Company's Pre-IPO Share Option Scheme. There has been no options granted under the Employee Share Option Scheme.

**(4) Long positions in the underlying shares of associated corporations**

Name of associated corporations	Name of Directors	Capacity	Number of underlying shares (as further comprised and detailed in (a), (b) and (c) below)
Roly	Wang Lu Yen	Beneficial owner	6,650,000
Roly	Wang Lu Yen	Interest of spouse	87,500
Roly	Wang Lu Yen	Interest of a controlled corporation	30,310,875
Roly	Khoo Kim Cheng	Beneficial owner	8,593,000
Roly	Lin Jui Hsien, Jacob	Beneficial owner	8,515,324
Roly	George Chen	Beneficial owner	1,000,000
Linmark	Khoo Kim Cheng	Beneficial owner	8,320,000

*(a) Rights to acquire shares of associated corporations*

Pursuant to the share option scheme of Roly, the ultimate holding company of the Company, certain Directors were granted share options to subscribe for shares of Roly, details of which as at 30th September, 2004, were as follows:

Name of Directors	Date of grant	Number of share options to subscribe for shares of Roly as at 30th September, 2004	Exercise period	Subscription price per share of Roly
Wang Lu Yen	23/08/2004	1,600,000	23/08/2005 — 22/08/2010	US\$0.248
Khoo Kim Cheng	10/02/2000	1,350,000	10/02/2001 — 09/02/2005	US\$0.150
	07/03/2002	2,000,000	07/03/2004 — 06/03/2010	US\$0.130
	22/11/2002	1,500,000	22/11/2003 — 21/11/2008	US\$0.138
	09/05/2003	2,000,000	09/05/2004 — 08/05/2009	US\$0.151
	30/03/2004	1,200,000	30/03/2005 — 29/03/2010	US\$0.321
Lin Jui Hsien, Jacob	10/02/2000	600,000	10/02/2001 — 09/02/2005	US\$0.150
	21/08/2001	1,200,000	21/08/2002 — 20/08/2009	US\$0.100
	07/03/2002	2,000,000	07/03/2004 — 06/03/2010	US\$0.130
	22/11/2002	1,500,000	22/11/2003 — 21/11/2008	US\$0.138
	09/05/2003	1,500,000	09/05/2004 — 08/05/2009	US\$0.151
	30/03/2004	1,000,000	30/03/2005 — 29/03/2010	US\$0.321
George Chen	30/03/2004	300,000	30/03/2005 — 29/03/2010	US\$0.321
	23/08/2004	700,000	23/08/2005 — 22/08/2010	US\$0.248

- (b) Certain Directors were granted bonus warrants by Roly on 29th April, 2004 to subscribe for shares of Roly, details of which as at 30th September, 2004, were as follows:

Name of Directors	Number of warrants to subscribe for shares of Roly as at 30th September, 2004 (Note 1)	Exercise period	Subscription price per share of Roly
Wang Lu Yen (beneficial owner)	5,050,000	29/04/2004 — 28/04/2009	S\$0.75
Wang Lu Yen (Note 2)	87,500	29/04/2004 — 28/04/2009	S\$0.75
Wang Lu Yen (Note 3)	30,310,875	29/04/2004 — 28/04/2009	S\$0.75
Khoo Kim Cheng	543,000	29/04/2004 — 28/04/2009	S\$0.75
Lin Jui Hsien, Jacob	715,324	29/04/2004 — 28/04/2009	S\$0.75

*Notes:*

1. Each warrant entitles the holder to subscribe for one share of Roly.
2. These warrants in Roly were held by Mrs. Wang Liaw Bin Bin, the wife of Mr. Wang Lu Yen.
3. These warrants in Roly were held by Megastar Holdings Limited, the entire issued share capital of which is owned by Mr. Wang Lu Yen. Mr. Wang Lu Yen is a director of Megastar Holdings Limited.

- (c) Pursuant to the share option scheme of Linmark, a fellow subsidiary of the Company, a Director was granted share options to subscribe for shares of Linmark, details of which as at 30th September, 2004, were as follows:

Name of Director	Date of grant	Number of share options to subscribe for shares of Linmark as at 30th September, 2004	Exercise period	Subscription price per share of Linmark
Khoo Kim Cheng	21/05/2002	3,800,000	21/05/2003 — 20/05/2008	HK\$2.550
	06/11/2002	2,200,000	06/11/2003 — 05/11/2008	HK\$1.600
	30/05/2003	920,000	30/05/2004 — 29/05/2009	HK\$2.125
	30/03/2004	1,400,000	30/03/2005 — 29/03/2010	HK\$2.975

Save as disclosed above, as at 30th September, 2004, none of the directors and chief executives nor their associates of the Company had any interests or 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) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

#### PERSONS WITH INTERESTS IN THE COMPANY WHICH ARE DISCLOSEABLE UNDER SECTION 336 OF PART XV OF THE SFO

So far as the directors or chief executive of the Company are aware, as at 30th September, 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 of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

### Long positions in the shares of the Company

Name	Capacity	Number of issued shares held	% of issued share capital
PGGL	Beneficial owner ( <i>Note</i> )	140,609,990	70.30%

*Note:* PGGL, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Roly. Roly is a company incorporated in Bermuda, the shares of which are listed on the Singapore Exchange Securities Trading Limited. Mr. Wang Lu Yen and his associates, are directly and indirectly holding approximately 34.83% of issued share capital of Roly. Accordingly, Roly and Mr. Wang Lu Yen are deemed to be interested in all shares of the Company held by PGGL.

Save as disclosed above, as at 30th September, 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 fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO.

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

Hong Kong, 12th November, 2004