



# BYFORD INTERNATIONAL LIMITED

## 百富國際有限公司

(incorporated in the Cayman Islands with limited liability)

## FIFTH QUARTERLY REPORT 2005

## 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 fifteen months ended 31st March, 2005 together with comparative unaudited figures for the corresponding periods in 2004 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the fifteen months ended 31st March, 2005*

		Three months ended		Fifteen months ended	
		31st March, 2005	2004	31st March, 2005	2004
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover		12,521	12,151	59,688	63,840
Cost of sales		(7,338)	(6,728)	(33,081)	(32,215)
Gross profit		5,183	5,423	26,607	31,625
Other revenue		30	395	576	951
Selling and distribution costs		(2,047)	(1,700)	(9,011)	(7,687)
Administrative expenses		(3,631)	(3,654)	(18,962)	(15,514)
(Loss)/profit from operations		(465)	464	(790)	9,375
Finance costs		(142)	(165)	(936)	(1,155)
(Loss)/profit before taxation		(607)	299	(1,726)	8,220
Taxation credit/(charge)	4	6	(145)	58	6
(Loss)/profit for the period		(601)	154	(1,668)	8,226
Dividends	5	—	—	—	2,000
		HK cents	HK cents	HK cents	HK cents
(Loss)/earnings per share	6				
— Basic		(0.30)	0.08	(0.83)	4.78
— Diluted		(0.30)	0.07	(0.83)	4.77

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the fifteen months ended 31st March, 2005

	Share premium HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Accumulated (losses)/ profits HK\$'000	Total HK\$'000
(Unaudited)					
At 1st January, 2003	—	—	(126)	(4,570)	(4,696)
Effect of a group reorganisation (Note (i))	—	7,205	—	—	7,205
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 for cash	24,898	—	—	—	24,898
Expenses incurred in connection with issue of shares	(9,572)	—	—	—	(9,572)
Profit for the period	—	—	—	8,226	8,226
Exchange differences	—	—	288	—	288
At 31st March, 2004	<u>18,428</u>	<u>7,205</u>	<u>162</u>	<u>3,656</u>	<u>29,451</u>
Representing:					
2003 final dividend proposed					2,000
Reserves as at 31st March, 2004					<u>27,451</u>
					<u>29,451</u>
(Unaudited)					
At 1st January, 2004	18,428	7,205	(126)	3,502	29,009
Contribution from a minority shareholder/director (Note (ii))	—	—	—	819	819
Dividend paid	—	—	—	(2,000)	(2,000)
Loss for the period	—	—	—	(1,668)	(1,668)
Exchange differences	—	—	418	—	418
At 31st March, 2005	<u>18,428</u>	<u>7,205</u>	<u>292</u>	<u>653</u>	<u>26,578</u>

## Notes:

- (i) Special reserve represents the difference between the nominal value of the shares of D Byford Holdings Limited, which was the holding company of other group companies prior to a group reorganisation (see Note 1 at P.3) and the nominal value of the Company's shares issued for shares exchange at the time of the group reorganisation.
- (ii) Contribution from a minority shareholder/director represents the amount reimbursed by a minority shareholder, who is also a director of the Company, in respect of the exchange loss incurred by the Group upon settlement of a payable relating to the acquisition of trademarks.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General

#### *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, which included exchange of shares, to rationalise the structure of the Group in preparation for the listing of the Company's shares on GEM, the Company became the holding company of the companies comprising the Group on 10th June, 2003. Details of the group reorganisation were set out in the prospectus of the Company dated 23rd June, 2003 (the "Prospectus").

The shares of the Company have been listed on GEM since 27th June, 2003.

The consolidated results for the three months and fifteen months ended 31st March, 2004 and 2005 are prepared as if the current group structure had been in existence throughout the period, or since their respective dates of incorporation, where this is a shorter period.

#### *Change of financial year end*

With effect from 26th July, 2004, Roly International Holdings Ltd., a company incorporated in Bermuda and listed on the Singapore Exchange Securities Trading Limited, has become the ultimate holding company of the Company.

The financial year end of the Company has been changed from 31st December to 30th April to be co-terminous with that of its ultimate holding company. Accordingly, the Company and its subsidiaries will prepare its next annual accounts as at and for the sixteen months ended 30th April, 2005.

### 2. Basis of preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules applicable to quarterly results disclosure.

### 3. Principal accounting policies

The principal accounting policies adopted in preparing the condensed consolidated financial statements of the Group 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. Taxation credit/(charge)

	Three months ended 31st March, 2005      2004 (Unaudited) (Unaudited) HK\$'000    HK\$'000	
The charge comprises:		
Malaysia income tax	—	(12)
Singapore income tax	6	(133)
	<u>6</u>	<u>(145)</u>
	Fifteen months ended 31st March, 2005      2004 (Unaudited) (Unaudited) HK\$'000    HK\$'000	
The charge comprises:		
Malaysia income tax	—	10
Singapore income tax	58	(434)
Deferred tax	<u>—</u>	<u>430</u>
	<u>58</u>	<u>6</u>

The Malaysia income tax and Singapore income tax are calculated at rates of 28% (2004: 28%) and 20% (2004: 20%), respectively, on the assessable profits of the Group arising in the respective jurisdiction during the periods.

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

5. Dividends

	Fifteen months ended 31st March, 2005      2004 (Unaudited) (Unaudited) HK\$'000    HK\$'000	
Final dividend proposed in respect of previous financial year ended 31st December, 2003 of 1 HK cent per share	—	2,000
Interim dividend declared	<u>—</u>	<u>—</u>
	<u>—</u>	<u>2,000</u>

## 6. (Loss)/earnings per share

	Three months ended 31st March, 2005		Fifteen months ended 31st March, 2005	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/earnings for the purpose of calculating (loss)/earnings per share	<u>(601)</u>	<u>154</u>	<u>(1,668)</u>	<u>8,226</u>
Number of shares				
Weighted average number of shares for the purpose of basic (loss)/ earnings per share ( <i>Note (i)</i> )	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>172,008,889</u>
Weighted average number of shares for the purpose of diluted (loss)/ earnings per share ( <i>Note (ii)</i> )	<u>200,000,000</u>	<u>208,936,013</u>	<u>200,000,000</u>	<u>172,383,318</u>

*Notes:*

- (i) The calculations of the basic (loss)/earnings per share are based on the Group's results for the periods and on the weighted average number of shares of the Company that was issued during the three months and fifteen months ended 31st March, 2004 and 2005 on the assumption that the Group reorganisation had been completed at the beginning of 1st January, 2003.
- (ii) The calculations of the diluted (loss)/earnings per share are based on the Group's results 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Turnover

The Group's turnover reduced by 6.5% for the fifteen months ended 31st March, 2005 (the "Reported Period") to HK\$59,688,000 compared to the fifteen months ended 31st March, 2004. The drop arose as a result of management's decision to review its customer segments and cease trading with certain customers in Malaysia. Operating under a challenging business environment in Malaysia, sales in Malaysia decreased by 15.4% to HK\$25,490,000 in 2005 compared to HK\$30,119,000 in 2004.

*Byford*, as a strong worldwide brand, will continue to have an increase market awareness of its products across different Asian countries with a focus on Greater China, and to this effect, will continue to pursue its branding and sponsorship programmes. *Byford* recently in January 2005 participated in the World Boutique show in Hong Kong with a view to further promote its brand in Asia. In order to attract quality licensees, the Company will participate in the licensing show in Hong Kong in July 2005.

### (Loss)/profit from operation

Operating loss for the Reported Period stood at HK\$790,000 compared to an operating profit of HK\$9,375,000 for the prior fifteen months period as a result of the following contributing factors:

- royalties revenue in 2005 increased by HK\$699,000 or 13.0% compared to 2004 as a result of the Group's licensees achieved higher sales compared to their minimum guarantee levels;
- gross profit margin reduced from 49.5% in 2004 to 44.6% in 2005 as a result of an overprovision of excess inventory provision written back against cost of sales in 2004 of HK\$2,175,000. The average budgeted gross profit margin has remained stable at the range of 40.0% to 45.0%;
- selling and distribution costs as a percentage of turnover increased to 15.1% in 2005 compared to 12.0% in 2004 as a result of combination of, an increase in one-off promotional activities and the opening of three new sales counters in Malaysia, and the reduction in turnover in 2005 compared to 2004; and
- administrative expenses increased by HK\$3,448,000 and represents 31.8% (2004: 24.3%) of turnover mainly as a result of one-off non-recurring exceptional costs incurred by the Company for the appointment of independent



financial advisers and related legal costs in connection with circular to its 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\$819,000 incurred upon the settlement of outstanding amount for acquisition of trademarks, quarterly announcements on GEM, other compliance costs and increase in overseas traveling pursuant to the participation in the World Boutique show held in Hong Kong and specific provision on long outstanding debts.

### **Finance costs**

Finance costs continued to fall by 18.9% to HK\$936,000 due to the continuing repayment of term loan.

### **Net (loss)/profit**

Loss before taxation stood at HK\$1,726,000 as compared to a profit before taxation of HK\$8,220,000 for the prior period mainly as a result of reduced turnover, increased selling and distribution cost, and significantly increased administrative expenses due to one-off additional costs incurred as a result of issuing the abovementioned circular to the shareholders and publication of related announcements, foreign exchange loss, quarterly compliance costs, overseas traveling and exhibition costs. The tax credit for the Reported Period relates to an overprovision of overseas tax in prior year. Loss after tax was HK\$1,668,000 for 2005 compared to a profit after tax of HK\$8,226,000 for 2004.

### **Liquidity and financial resources**

The Group generated HK\$3,861,000 from its operations mainly as a result of decrease in inventories of HK\$335,000, decrease in trade receivables of HK\$6,550,000, increase in other receivable, deposits and prepayment of HK\$93,000, decrease in payments to trade suppliers of HK\$2,385,000 and decrease in payments to other payables and accruals of HK\$3,623,000.

The Group ended the fifteen month period with bank balances and cash of HK\$1,084,000 and bank overdraft of HK\$2,242,000 leaving net overdrawn cash and cash equivalents of HK\$1,158,000 and has unutilised banking facilities of HK\$12,078,000.

The Group's current ratio compared to prior period is maintained at similar level at 1.70 compared to 1.95 in the prior period. Debtor days stood at 99 while creditor days stood at 54 compared to 75 in the prior period. The Group's gearing ratio reduced to 16.3% at 31st March, 2005 compared to 21.1% at 31st March, 2004 as a result of the slightly reduced equity base in 2004.

Major movements in the Condensed Consolidated Cash Flow Statement between 31st December, 2003 and 31st March, 2005 resulting in the net cash and cash equivalents to a net overdrawn position of HK\$1,158,000 at 31st March, 2005 from net cash position of HK\$515,000 at 31st December, 2003 are as follows:

- operating profit before movement in working capital of HK\$1,411,000;
- decrease in inventories of HK\$335,000;
- decrease in trade receivables of HK\$6,550,000;
- increase in other receivables, deposits, and prepayments of HK\$93,000;
- decrease in trade payables of HK\$2,385,000;
- decrease in other payables and accruals of HK\$1,736,000; and
- taxation paid of HK\$285,000.

At Reported Period end, total bank borrowings of HK\$5,021,000 were outstanding and the Group has trademarks and assets pledged as security for its banking facilities. There has been no major capital expenditure during the Reported Period.

#### Use of proceeds from new listing

	Actual usage from 1st January, 2005 to 31st March, 2005 <i>HK\$'000</i>
Brand building	442
Developing new license territories	10
Developing new distribution markets	54
Integrated global sourcing ("IGS")	121
	<hr/>
	627
	<hr/>

## BUSINESS REVIEW

### Trademarks

On 3rd February, 2005, Donald Byford & Sons Pte. Ltd. (“DBS”), an indirect wholly owned subsidiary of the Company incorporated in Singapore, entered into a trademarks assignment (“Trademarks Assignment”) with 福績 (惠州) 紡織綜合廠有限公司 (Fuji (Huizhou) Textile Comprehensive Factory Company Limited) and 結寶股份有限公司 (Gee Power Knitting Company Limited) (together, the “Assignors”) pursuant to which the Assignors agreed to assign the Baby-Q and related trademarks to DBS for a consideration of RMB3.0 million. Details of the Trademarks Assignment are set out in the announcement of the Company dated 7th February, 2005. A circular containing details of the Trademarks Assignment was despatched to the shareholders in accordance with the GEM Listing Rules on 28th February, 2005.

### Trading

During the Reported Period, the Group achieved a total trading revenue of HK\$59,688,000 approximately 6.5% lower as compared to HK\$63,840,000 for the same period last year. The drop in revenue is mainly attributable to reduced sales in Malaysia due to tighter credit control measures introduced since the second quarter of 2004 and management’s decision to cease trading with certain customers in Malaysia. The Malaysian retail industry has experienced an unexpected increase in credit risk pressure since the second quarter of 2004 and continues to present a challenging trading environment with increasing pressures from decreasing margins as a result of aggressive competition.

Two of the Group’s department store customers in Malaysia went into receivership and the Group has made a full provision of the outstanding receivables.

Turnover from geographical segments for Malaysia declined by 15.4% as a result cessation in trading with certain selected customers in Malaysia. Turnover from Singapore increased by 0.4% while export to Dubai under IGS increased by 1.4%.

### Licensing

Royalties revenue in 2005 increased by HK\$699,000 or 13.0% compared to 2004 as a result of the licensees achieving higher sales compared to their minimum guarantee levels. The Group is continuing to identify suitable new licensees for Japan. During the Reported Period, the Group has continued to strengthen the global direction and monitor its licensees (“Licensees”) and to integrate their activities. The Company has appointed an assistant licensing manager and will implement its new licensing structure. Following the acquisition of the Baby-Q trademarks, the Company expects an additional royalty income commencing from the quarter ending 31st October, 2005.

## Business objectives

Details of the Group's business objectives are set out in the section headed "Statement of Business Objectives" ("Business Objectives") in the Prospectus. Save as disclosed above, the Company had no other investment plans as at 31st March, 2005.

## Comparison between Business Objectives and actual business growth

<i>Business Objectives</i>	<i>Actual progress as at 31st March, 2005</i>
Brand building	The Group is embarking on an aggressive brand building drive and will participate in the licensing show in Hong Kong in July 2005.
Developing new license territories	The Group continues its efforts to identify and appoint new licensees through its participation in the licensing show. The Group is focusing its efforts to recruit new licensees for Japan.
Developing new distribution markets	The Group is exploring opportunities to utilise the distribution capabilities of its ultimate holding company, 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 collections, Easy to Wear (Loungewear) and Signature Underwear thereafter have been released.
Customer relationship management ("CRM")	The Company will review its CRM requirements with the expanded resources of Roly.

## Outlook

In respect of 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 at the “World Boutique, Hong Kong” concurrently with Hong Kong Fashion Week Fall/Winter 2005 in Hong Kong in January 2005 and is planning to participate in the licensing show in Hong Kong in July 2005.

Following the Group’s review of the most appropriate licensing structure for its future business, the Group’s new licensing initiative will include:

- A new licensing team based in Hong Kong, to develop and oversee the licenses in Asia territories;
- Restructuring the United Kingdom licensing office to an agency basis for non-Asia licensing business; and
- Targeting licensees in different territories and product extensions into items such as outerwear, shoes and bags.

The Company is planning to expand its brand portfolio and is conducting research with its licensees to extend its product categories and customer segments.

The Group will continue to leverage its IGS platform to maximise the benefits of its sourcing capabilities. The Group aims 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. This unique platform allows the Group to facilitate the securing of new licensees or distributors in new territories as it provides a mature product range readily available to shorten the set up time.

The Group’s trading operation will focus on distributing its own brands. Looking ahead to 2005, while there is no significant sales growth expected from Singapore, the Group foresees continued softening of the retail segment and new credit control measures implemented in Malaysia and reduction in trading of third party branded product, that may result in further decline in revenue for Malaysia.

The Group, apart from continuing to develop various strategic business relationships globally, has achieved a major milestone by the participation of Pacific Genius Group Limited (“PGGL” a wholly-owned subsidiary of Roly), the new controlling shareholder holding 67.3% equity interest in the Company as at 31st March, 2005.

Management is conscious of the challenges posed by the need to focus on margin improvement and returning the Group to profitability from its current small operating loss position. In the forthcoming financial year, whilst strategic measures are already in place to focus on the Group's licensing business to drive the Group's profitability, management believes that further rationalisation of its Malaysian distribution business is necessary. In this regard, we may identify suitable potential licensees with established retail channels which may be able to generate potentially improved royalty income in the next 5 years and continually test and challenge ourselves in attaining the right revenue, margin and profit mix of our business model. Management will continually audit and challenge ourselves such that the full potential of the Byford Brand Management and Development Process may be achieved to derive the fullest potential of the *Byford* Brand. This Brand Development focus will be integral to our efforts to diversify beyond our current innerwear product range.

### **Corporate governance**

The Company is committed to implementing good corporate governance and transparency in its financial statements. The Company now has three independent non-executive Directors who are all qualified accountants, namely Messrs. Chow Chi Kiong (chairman of audit committee), Yue Kwai Wa, Ken and Chong Tao Boon, Vincent.

### **Human resources**

At 31st March, 2005, the Group employed a total of 85 employees (2004: 91). 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 fifteen months ended 31st March, 2005 (2003: Final dividend of HK\$2,000,000).

### **Sponsor's interest**

On 19th August, 2004, the Company 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 July, 2006. As at 31st March, 2005, 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 Messrs. Chow Chi Kiong (chairman of audit committee), Yue Kwai Wa, Ken, and 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 financial statements for the fifteen months ended 31st March, 2005.

The audit committee met on 6th May, 2005 to review and consider these quarterly results with management and to recommend to the Board for its approval of the 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 fifteen months ended 31st March, 2005, the Company has complied with board practices and procedures as set out in Rule 5.34 and Appendix 15 of the GEM Listing Rules.

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

During the fifteen months ended 31st March, 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

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

As at 31st March, 2005, 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 Futures 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> )	134,609,990	67.30%
Mr. Chai Sing Hong	Personal	12,045,000	6.02%
Ms. Chan Wai Yee	Personal ( <i>Note 2</i> )	12,045,000	6.02%
Mr. Md Wira Dani Bin Abdul Daim	Corporate ( <i>Note 3</i> )	2,500,000	1.25%

#### *Notes:*

- As at 31st March, 2005, 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 34.60% 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 31st March, 2005, Roly, the ultimate holding company of the Company, through PGGL, held 134,609,990 shares, representing approximately 67.30% of the issued share capital of the Company. As at 31st March, 2005, the issued share capital of Roly was US\$40,983,276.40 divided into 409,832,764 shares of US\$0.10 each.
- Ms. Chan Wai Yee is the spouse of Mr. Chai Sing Hong. Ms. Chan is deemed to be interested in Mr. Chai's interest in the shares of the Company.
- 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. Md 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 31st March, 2005
Roly ( <i>Note 1</i> )	Wang Lu Yen	Beneficial owner	20,200,000	4.93%
		Interest of spouse ( <i>Note 2</i> )	350,000	0.09%
		Interest of a controlled corporation ( <i>Note 3</i> )	121,243,500	29.58%
Roly	Khoo Kim Cheng	Beneficial owner	3,522,000	0.86%
Roly	Lin Jui Hsien, Jacob	Beneficial owner	3,761,298	0.92%
Roly	King Jun Chih, Joseph	Beneficial owner	83,000	0.02%
Linmark Limited Group ("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	66.68%
Linmark	Khoo Kim Cheng	Beneficial owner	170,000	0.03%
Linmark	King Jun Chih, Joseph	Beneficial owner	39,000	0.01%

*Notes:*

- As at 31st March, 2005, Roly, the ultimate holding company of the Company, through PGGL, held 134,609,990 shares, representing approximately 67.30% of the issued share capital of the Company. As at 31st March, 2005, the issued share capital of Roly was US\$40,983,276.40 divided into 409,832,764 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 31st March, 2005, Roly, the ultimate holding company of Linmark, through RGS Holdings Limited, held 437,340,000 shares, representing approximately 66.68% of the issued share capital of Linmark. As at 31st March, 2005, the issued share capital of Linmark was US\$13,118,200.00 divided into 655,910,000 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 31st March, 2005, 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 34.60% 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 Prospectus.

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 have 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	7,243,000
Roly	Lin Jui Hsien, Jacob	Beneficial owner	7,915,324
Roly	George Chen	Beneficial owner	1,000,000
Roly	King Jun Chih, Joseph	Beneficial owner	1,100,000
Linmark	Khoo Kim Cheng	Beneficial owner	8,320,000
Linmark	King Jun Chih, Joseph	Beneficial owner	1,085,000

*(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 31st March, 2005, were as follows:

Name of Directors	Date of grant	Number of share options to subscribe for shares of Roly as at 31st March, 2005	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	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	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
King Jun Chih, Joseph	22/11/2002	300,000	22/11/2003 - 21/11/2008	US\$0.138
	09/05/2003	600,000	09/05/2004 - 08/05/2009	US\$0.151
	30/03/2004	200,000	30/03/2005 - 29/03/2010	US\$0.321

- (b) Certain Directors were granted bonus warrants by Roly on 29th April, 2004 to subscribe for shares of Roly, details of which as at 31st March, 2005, were as follows:

Name of Directors	Number of warrants to subscribe for shares of Roly as at 31st March, 2005 (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 (beneficial owner)	543,000	29/04/2004 — 28/04/2009	S\$0.75
Lin Jui Hsien, Jacob (beneficial owner)	715,324	29/04/2004 — 28/04/2009	S\$0.75

*Notes:*

- Each warrant entitles the holder to subscribe for one share of Roly.
- These warrants in Roly were held by Mrs. Wang Liaw Bin Bin, the wife of Mr. Wang Lu Yen.
- 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, certain Directors were granted share options to subscribe for shares of Linmark, details of which as at 31st March, 2005, were as follows:

Name of Directors	Date of grant	Number of share options to subscribe for shares of Linmark as at 31st March, 2005	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
King Jun Chih, Joseph	21/05/2002	525,000	21/05/2003 — 20/05/2008	HK\$2.550
	06/11/2002	240,000	06/11/2003 — 05/11/2008	HK\$1.600
	30/05/2003	170,000	30/05/2004 — 29/05/2009	HK\$2.125
	30/03/2004	150,000	30/03/2005 — 29/03/2010	HK\$2.975

Save as disclosed above, as at 31st March, 2005, none of the directors and chief executives 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 31st March, 2005, 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 are 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 1</i> )	134,609,990	67.30%
Roly	Interest of a controlled corporation ( <i>Note 2</i> )	134,609,990	67.30%

#### *Notes:*

1. 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 34.60% 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.
2. The shares are beneficially owned by PGGL, a wholly-owned subsidiary of Roly. Roly is deemed to be interested in all shares of the Company held by PGGL.

Save as disclosed above, as at 31st March, 2005, 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 are 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 May, 2005