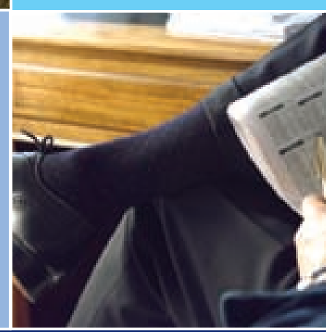
Byford
LONDON

ANNUAL REPORT 2005



BYFORD INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

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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 Stock Exchange, 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.

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Corporate Information

BOARD OF DIRECTORS

Chairman
Wang Lu Yen

Executive Directors
Chai Sing Hong
(alternate director: Choong Khuat Leok)
Lin Jui Hsien, Jacob
Liu Tsun Kie

Non-Executive Directors
Md. Wira Dani Bin Abdul Daim
George Chen
(alternate director: King Jun Chih, Joseph)

Independent Non-Executive Directors
Chow Chi Kiong
Yue Kwai Wa, Ken
Chong Tao Boon, Vincent

COMPANY SECRETARY
Choong Khuat Leok

QUALIFIED ACCOUNTANT
Choong Khuat Leok

COMPLIANCE OFFICER
Liu Tsun Kie

AUDIT COMMITTEE
Chow Chi Kiong *(Chairman of the committee)*
Yue Kwai Wa, Ken
Chong Tao Boon, Vincent

AUTHORISED REPRESENTATIVES
Choong Khuat Leok
Lin Jui Hsien, Jacob

CONTINUING SPONSOR
Cazenove Asia Limited

AUDITORS
PricewaterhouseCoopers

REGISTERED OFFICE
Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Suites 401-409
Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House
North Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE
Standard Registrars Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL BANKERS
Southern Bank Berhad
Standard Chartered Bank (Hong Kong) Limited

WEBSITE ADDRESS
www.donaldbyford.com

STOCK CODE
8272

Financial Highlights

	16 months ended 30 April 2005 *HK$'000*	12 months ended 31 December 2003 *HK$'000*	12 months ended 31 December 2002 *HK$'000*
Results			
Turnover — continuing operations	**63,147**	51,689	42,983
Turnover — discontinuing operations	**—**	—	2,689
EBITDA	**400**	10,658	4,061
(Loss)/profit for the period	**(2,960)**	8,072	393

	As at 30 April 2005	As at 31 December 2003	As at 31 December 2002
Assets and Liabilities			
Total assets	**42,359**	49,946	37,604
Total liabilities	**15,006**	18,937	35,095
Shareholders' funds	**27,353**	31,009	2,509

TO OUR SHAREHOLDERS

Since the last annual report for the financial year ended 31 December 2003, Byford International Limited (the "Company" or "Byford") has achieved great strides by achieving the participation of Pacific Genius Group Limited (a wholly-owned subsidiary of Roly International Holdings Ltd. ("Roly", the shares of which are listed on the Main Board of the Singapore Exchange Securities Trading Limited)) as the new controlling shareholder holding 67.3% equity interest in the Company. This is a testament to the far-sightedness and business acumen of your directors in their ability to develop global strategic business relationships. I am both proud and pleased to stand along side these fine gentlemen as their Chairman of the board of directors (the "Board") and I am confident that they will continue to give of their utmost to help me steer Byford to even greater heights.

During the course of its restructuring, Byford has changed its financial year end date to 30 April from 31 December so as to facilitate consolidation of its financial performance with the ultimate holding company, Roly. The first set of audited accounts issued after the change in financial year end date is for the 16 months ended 30 April 2005.

BUSINESS REVIEW

The turnover of the Group increased by 22.2% for the 16 months ended 30 April 2005 (the "Reported Period") to HK$63,147,000 compared to the prior 12 months ended 31 December 2003. Loss before taxation stood at HK$2,924,000 as compared to a profit before taxation of HK$7,921,000 for the prior period. This loss position is aggravated by the one-off non-recurring exceptional costs incurred for the appointment of independent financial advisers and related legal costs in relation to the general offer for the Company's shares in July 2004.

By the injection of new talent to the Board, Mr. Lin Jui Hsien, Jacob as the new executive director played a key role in helping the Group to enter into a trademarks assignment pursuant to which the assignors agreed to assign the *Baby-Q* and related trademarks to the Group in February 2005. This will help broaden the breadth of our licensing business division.

The directors were committed to the further rationalisation of our Malaysian distribution business. In this regard, the Group on 10 June 2005 entered into an agreement to dispose of its subsidiary in Malaysia, Byford Marketing (M) Sdn. Bhd. ("BMM"). In addition, the Group entered into a licensing agreement with BMM to license certain of the Group's *Byford* marks for marketing of the products in Malaysia under the *Byford* brand name. This endeavour was undertaken with two of our executive directors working hand in glove, Mr. Chai Sing Hong, who is with the Board as its previous Chairman and an industry veteran of the Malaysian retail scene, and Mr. Liu Tsun Kie, an executive director appointed to the Board in late April 2005. This is encouraging to me as their Chairman as it signifies that the old and new team can quickly gel together and deliver when expected.

The Singapore unit has, in addition to its normal trading operation, geared up to support the Group's integrated global sourcing ("IGS") activities by tapping its established and proven sourcing network. It is operationally ready to extend product-sourcing services to existing and new licensees who would benefit from costing co-efficiency. This service is key in assisting some new licensees to jump-start their business and shorten their start-up time and funding cost.

We have now added Mauritius to our list of IGS customers and are actively seeking new ones. This distributor has recently taken delivery of a shipment of *Byford* products and is a reflection of their confidence in our IGS offering.

PROSPECTS AND OUTLOOK

Our growth will be contingent upon how successfully we can implement our strategies to generate greater sales growth. This may sound cliche but we firmly believe that our management can achieve this so long as they remain focused on the two prong approach to margin improvement as well as the Brand Development Process. This will be further elaborated upon in the management discussion and analysis. Your directors and I will continually set ourselves new targets and evolve the *Byford* Brand Management and Development Process such that fullest potential of the *Byford* brand can be harvested. This brand development focus will be integral to our efforts to diversify not only beyond our current innerwear product range, but also in the diversification of our brand portfolio, such as *Baby-Q*. My fervent hope is that in the years ahead, *Byford* will no longer be synonymous with only men's innerwear boxers and socks, but quality outerwear, travel luggage, shoes and so on. As they say, let your mind bring you to whatever frontier you want to be, the sky is the limit, and we are well positioned within the larger Roly family to derive the synergies and spirit for this to materialize, hopefully to my own pleasant surprise.

Wang Lu Yen
Chairman

Hong Kong, 27 June 2005

TURNOVER

The Group's turnover increased by 22.2% for the 16 months ended 30 April 2005 (the "Reported Period") to HK$63,147,000 compared to the prior 12 months ended 31 December 2003 (the "Prior Period"). On a 12-month pro rata comparison basis, sales for the Reported Period fell 8.4% to HK$47,360,000 from HK$51,689,000 in 2003.

The Company changed its financial year end date to 30 April from 31 December and its first set of audited accounts issued after the change is for the 16 months ended 30 April 2005, consequently all percentages are comparing a 16-month period to 12-month period. The reduction in sales on a 12-month period basis arose as a result of management's decision to review its customer segments and ceased trading with certain customers in Malaysia. Operating under a challenging business environment in Malaysia, sales in Malaysia for the Reported Period increased by 7.8% to HK$27,047,000 in 2005 compared to HK$25,100,000 in 2003. On a 12-month pro rata comparison basis, sales in Malaysia for the Reported Period fell 19.2% to HK$20,285,000 from HK$25,100,000 in 2003.

(LOSS)/PROFIT FROM OPERATION

Operating loss for the Reported Period stood at HK$1,949,000 compared to an operating profit of HK$8,911,000 for the Prior Period as a result of the following contributing factors:

- royalties revenue in the Reported Period increased by HK$2,504,000 or 63.0% compared to 2003 as a result of the Group's licensees, primarily in Hong Kong and China, achieved higher sales compared to their minimum guarantee levels. On a 12-month pro rata comparison basis, total royalties income for the Reported Period increased 22.3% to HK$4,857,000 from HK$3,972,000 in Prior Period;

- gross profit margin reduced from 50.7% in 2003 to 44.4% in 2005 as a result of an overprovision of excess inventory provision written back against cost of sales in 2003 of HK$2,325,000. The average budgeted gross profit margin has remained stable at the range of 40% to 45%;

- selling and distribution costs as a percentage of turnover increased to 14.8% in 2005 compared to 11.6% in 2003 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 2003; and

- general and administrative expenses increased by HK$4,121,000 on a 12-month pro rata comparison basis for the Reported Period and represents 33.7% (2003: 22.9%) of turnover mainly as a result of trademark registration costs of HK$780,000 and one-off non-recurring exceptional costs incurred by the Company for the appointment of independent financial advisers and related legal costs in connection with a circular to its shareholders dated 28 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 the Growth Enterprise Market ("GEM"), other compliance costs and increase in overseas travelling, participation in the World Boutique show held in Hong Kong and specific provision on long outstanding debts.

FINANCE COSTS

Finance costs continued to fall to HK$975,000 for the Reported Period from HK$990,000 due to the continuing repayment of term loan.

NET (LOSS)/PROFIT

Loss before taxation stood at HK$2,924,000 as compared to a profit before taxation of HK$7,921,000 for the Prior Period mainly as a result of reduced turnover on a 12-month pro rata comparison basis, increased selling and distribution cost, and significantly increased administrative expenses due to trademark registration costs and 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 charge for the Reported Period relates to corporate taxes in Singapore, an overprovision in the Prior Period and deferred tax. Loss after taxation was HK$2,960,000 for 2005 compared to a profit after taxation of HK$8,072,000 for 2003.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generated HK$3,559,000 from its operations mainly as a result of decrease in inventories of HK$317,000, decrease in trade receivables of HK$7,661,000, increase in deposits, prepayments and other receivables of HK$99,000, decrease in trade payables of HK$2,489,000 and decrease in other payables and accruals of HK$2,143,000.

The Group ended the Reported Period with bank balances and cash of HK$1,742,000 and bank overdraft of HK$2,060,000 leaving net overdrawn cash and cash equivalents of HK$318,000 and has unutilised banking facilities of HK$15,509,000.

The Group's current ratio as at 30 April 2005 is maintained at similar level at 1.6 compared to 2.0 as at 31 December 2003. Debtor days stood at 91 while creditor days stood at 53 compared to 91 in the Prior Period. The Group's gearing ratio increased to 21.8% as at 30 April 2005 compared to 17.5% as at 31 December 2003 as a result of the slightly increased equity borrowing as at 30 April 2005 and decreased equity base.

As at 30 April 2005, total bank borrowings of HK$7,628,000 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.

OTHERS

Foreign Exchange Exposure

The Group's transactions, trade receivables and payables are mainly denominated in Malaysian ringgit and Singapore dollars. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group does not expect the net foreign exchange exposure from these activities to be significant and hence, the Group does not presently hedge this foreign exchange exposure. The Group periodically reviews liquid assets and liabilities held in currencies other than the Hong Kong dollars to ensure that net exposure is kept at an acceptable level.

Human Resources

As at 30 April 2005, the Group employed a total of 89 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.

BUSINESS REVIEW

Trademarks Acquisition

On 3 February 2005, Donald Byford & Sons Pte. Ltd. ("DBS"), an indirect wholly-owned subsidiary of the Company incorporated in Singapore, entered into a trademarks assignment (the "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 7 February 2005. A circular containing details of the Trademarks Assignment was despatched to the shareholders in accordance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited on 28 February 2005.

Sales of Goods

Sales of men's innerwear, sock and apparel for the Reported Period was HK$56,671,000 approximately 18.8% higher for the Reported Period as compared to HK$47,717,000 for the 12-month period in 2003. On a 12-month pro rata comparison basis, total sales for the Reported Period fell 10.9% to HK$42,503,000 from HK$47,717,000 in 2003. 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 results 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 on a 12-month pro rata comparison basis declined by 19.2% as a result of cessation in trading with certain selected customers in Malaysia. Turnover from Singapore on a 12-month pro rata comparison basis increased by 1.3% while export to Dubai under IGS on a 12-month pro rata comparison basis fell by 5.9%.

Royalties Income

Royalties income for the Reported Period increased by HK$2,504,000 or 63.0% compared to 12-month period in 2003 of HK$3,972,000 as a result of the licensees achieving higher sales compared to their minimum guarantee levels. On a 12-month pro rata comparison basis, total royalties income for the Reported Period increased 22.3% to HK$4,857,000 from HK$3,972,000 in the Prior Period. During the Reported Period, the Group has continued to strengthen the global direction and monitor its licensees and to integrate their activities. The Company has commenced the implementation of its new licensing structure. Following the acquisition of the *Baby-Q* trademarks, the Company expects an additional royalty income commencing from the quarter ending 31 October 2005.

Byford, as a strong worldwide brand, will continue to have an increased 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 forthcoming licensing show in Hong Kong in July 2005.

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.

Following the Group's review of the most appropriate licensing structure for its future business, the Group's new licensing initiatives 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 has secured a new licensee for Thailand and Vietnam and plans to execute the licensing agreement in July 2005. In addition, the Company will expand its license territory coverage to Russia and expects a contribution in the second half of calendar year 2005.

In June 2005, a subsidiary of the Company entered into an agreement to dispose of its entire interest in a wholly-owned subsidiary in Malaysia, Byford Marketing (M) Sdn. Bhd. ("BMM").

The directors believe that the disposal will facilitate the effective reallocation of resources so that the Group can focus on its distribution business in other Asian regions such as Hong Kong and Singapore. In addition, the Group entered into a licensing agreement (the "Licensing Agreement") with BMM pursuant to which the Group will license certain of the Group's *Byford* marks to BMM for its marketing of the products in Malaysia under the *Byford* brand name. As the Licensing Agreement has an initial term of five years commencing on 10 June 2005 and expiring on 31 May 2010, which upon compliance with the terms of the Licensing Agreement, may be automatically renewed for a further term of five years, the Group can during this period receive steady royalty income from BMM without having a need of allocating substantial resources in managing the Malaysian operations. For the 12 months ended 31 December 2004, the royalty income payable by BMM to a subsidiary of the Company, eliminated on consolidation of the Group, pursuant to the then licensing arrangement was approximately RM453,000 (approximately HK$927,000). Pursuant to the Licensing Agreement, BMM is required to pay to the Group a minimum amount of royalty which is adjusted by reference to the actual value of sales at an agreed royalty rate on an annual basis.

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.

Management will remain focused on the two prong approach to margin improvement as well as the brand development process. In the near term, the supportive operative management initiatives will be to seek and engage new licensees that share our brand building initiatives as well as product range diversification in territories that will provide the Group with increased licensing income. As our partners are committed to the *Byford* Brand Management and Development Process, the licensees are also expected to reciprocate through supporting us with innovative ideas as to how they can achieve sustainable sales growth. 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.

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, a wholly-owned subsidiary of Roly International Holdings Ltd., a company listed on the Singapore Exchange Securities Trading Limited, the new controlling shareholder holding 67.3% equity interest in the Company as at 30 April 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. In this regard, we may identify suitable potential licensees with established retail channels which may be able to generate potentially improved royalties income in the next five years and continually test and challenge ourselves in attaining the right revenue, margin and profit mix of our business model.

Comparison of Business Objectives with Actual Business Progress

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 dated 23 June 2003 of the Company. Save as disclosed therein, the Company had no other investment plans as at 30 April 2005.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business Objectives	Actual Business Progress as at 30 April 2005
Brand building	The Group has recently acquired a new trademark, *Baby-Q* and continues to focus 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 has secured a new licensee for *Byford* in Thailand and Vietnam and plans to execute the licensing agreement in July 2005. The Group will expand its license territory coverage to Russia and expects a contribution in the second half of calendar year 2005.
Developing new distribution markets	The Group is exploring opportunities to utilise the distribution capabilities of its ultimate holding company, Roly International Holdings Ltd. ("Roly").
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.

USE OF PROCEEDS FROM IPO

	Actual usage from 1 January 2004 to 30 April 2005 *HK$'000*
Brand building	**1,432**
Developing new license territories	**185**
Developing new distribution markets	**333**
Integrated global sourcing	**467**
	2,417

EXECUTIVE DIRECTORS

Mr. Wang Lu Yen, aged 51, has been the chairman and an executive director of the Company since 10 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 Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2002. Mr. Wang has over 25 years of experience in the trading and distribution business. He was awarded Outstanding Businessman by Taiwan's Ministry of Economic Affairs in 1985. Mr. Wang is a member of the China Overseas Friendship Association, the deputy director general of the Retails and Supplies Committee in China General Chamber of Commerce, the vice-chairman of China Committee in Hong Kong General Chamber of Commerce, a member of the Hong Kong Policy Research Institute Limited, a founder and a director of the Taiwan Design Center, a director of the Soochow Management Academic Foundation of Soochow University and the honorary chairman of Taiwan Business Association (Hong Kong) Limited. Mr. Wang holds a Bachelor's degree in Business Administration from Soochow University, Taiwan.

Mr. Chai Sing Hong, aged 38, has been an executive director of the Company since 10 February 2003. Mr. Chai is responsible for the licensing business of the Group in Malaysia. He has more than 12 years of experience in operating regional apparel manufacturing and marketing businesses in Malaysia and Singapore.

Mr. Lin Jui Hsien, Jacob, aged 47, has been an executive director of the Company responsible for the licensing business of the Group since 10 September 2004. Mr. Lin is also an executive director of Roly. Mr. Lin oversees the corporate planning of the licensing and 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 of Business Administration degree 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. Liu Tsun Kie, aged 54, has been an executive director of the Company since 30 April 2005 and the managing director of Byford Marketing (S) Pte. Ltd. since 5 May 2005. He is also the compliance officer of the Company. Mr. Liu is the deputy chairman and a non-executive director of Roly. In addition, Mr. Liu has been an independent non-executive director of DVN (Holdings) Limited, a company listed on the Main Board of the Stock Exchange, since 2000. Mr. Liu has over 25 years of experience in electronics engineering, telecommunications, corporate finance and general administration. Mr. Liu holds a Bachelor of Science (Honours) degree in Electronics Engineering from Birmingham University, the United Kingdom and a Master of Business Administration degree from Keio University in Japan.

Mr. Choong Khuat Leok, aged 43, has been an alternate director to Mr. Chai Sing Hong, an executive director of the Company, since 10 September 2004. Mr. Choong qualified as a Chartered Accountant in the 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 Hong Kong Institute of Certified Public Accountants ("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 10 September 2004 and is presently the chief financial officer, company secretary and qualified accountant of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Md. Wira Dani Bin Abdul Daim, aged 26, has been a non-executive director of the Company since 4 May 2004. Mr. Wira has a Master of Arts degree and an honours degree from Wolfson College at Cambridge University, the 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 55, has been a non-executive director of the Company since 10 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 six years. Mr. Chen holds a Bachelor's degree in Business Administration from Boston University, the United States of America.

Mr. King Jun Chih, Joseph, aged 39, has been an alternate director to Mr. George Chen, a non-executive director of the Company, since 5 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, the 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 58, has been an independent non-executive director of the Company since 7 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, the 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 six years.

Mr. Yue Kwai Wa, Ken, aged 39, has been an independent non-executive director of the Company since 7 May 2003. Mr. Yue is an executive director of Winkas Company Limited, a financial and management consulting services company, Monitronic Limited and Monitronix Limited, both engaged in trading of telecommunication products. Mr. Yue is currently an independent non-executive director of Loulan Holdings Limited, the shares of which are listed on the Growth Enterprise Market. Mr. Yue served as an independent non-executive director of Wealthmark International (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange during the period from January 2005 to June 2005. In addition, Mr. Yue was in the managerial positions in Dao Heng Securities Limited responsible for compliance and finance between 1998 and 2002, and also worked at the regulation division of the Stock Exchange in 1998. Between 1993 and 1997, Mr. Yue was engaged in the auditing business in an international accounting firm in Hong Kong. Mr. Yue holds a Bachelor's degree of Science in Accounting from the Upper Iowa University and a diploma of Technology in Financial Management and Accounting from the British Columbia Institute of Technology. Mr. Yue is an associate member of the American Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute holding a Specialist Certificate in Corporate Finance and a Practising Certificate in Corporate Finance.

Mr. Chong Tao Boon, Vincent, aged 47, has been an independent non-executive director of the Company since 15 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 Main Board of the Stock 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.

SENIOR MANAGEMENT

Mr. Ronnie Teo Loi Huat, aged 54, is the general manager of Byford Marketing (S) Pte. Ltd.. Mr. Teo joined the Group in 1975. He has more than 30 years of experience in the regional textile and apparel industry. Mr. Teo has vast experience in apparel marketing and distribution in South-East Asia and was in particular responsible for the successful setting-up of the Byford business in Indonesia. His main responsibility is managing the overall operations of Byford Marketing (S) Pte. Ltd..

Mr. Jays Yew Heng Wah, aged 49, is the sales and marketing manager of Byford Marketing (S) Pte. Ltd.. He joined the Group in 1982. Mr. Yew has extensive experience and knowledge of the Singapore retail industry and has a very wide sourcing network throughout Asia. Mr. Yew is primarily responsible for the planning and operations of all sales and marketing activities in Singapore and also plays a significant role in product development.

The Company has adopted the Code Provisions as stated in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") as the Code on Corporate Governance Practices (the "Code") of the Company and the board of directors is committed to complying with the Code to the extent that the directors consider it is applicable to the Company and practical.

Recognising the need for making independent and objective judgement on remuneration matters of the board and senior management, the board of directors has delegated its authority to fix the remuneration package of directors and senior management of the Company and implement the share option scheme to the remuneration committee which currently comprises three members, the majority of which, including the chairman, are independent non-executive directors.

The Company has been reporting its financial results on a quarterly basis since its initial public offering. The board aims at, with the implementation of such reporting schedules, informing shareholders of the performance of the Group on a more frequent and timely manner and to further enhance the Company's relationships with investors and media.

BOARD OF DIRECTORS

The board comprises nine members, three of whom are independent non-executive directors. The Company has received an annual confirmation of independence from each of the three independent non-executive directors pursuant to Rule 5.09 of the GEM Listing Rules. Based on the contents of such confirmation, the Company considers that all the three independent non-executive directors are independent.

The functions of the board of directors are carried out either directly or through board committees or by means of a system of delegation of authority to management personnel. To ensure the board is in a position to exercise its powers in an informed manner, all members of the board of directors have full and timely access to all relevant information and may take independent professional advice if necessary.

BOARD COMMITTEES

As an integral part of good corporate governance, the following committees have been set up:

Executive Committee

The executive committee consists of all the executive directors of the Company. The board has delegated the day-to-day management and operation functions of the Company to the executive committee save to the extent that the powers and authorities are reserved to the remuneration committee or the full board. The powers and authorities reserved to the full board include the approval of the Company's financial statements, dividends, change in share capital, change of the general character or nature of the business of the Company, the approval of notifiable transaction or connected transaction within the meaning of the GEM Listing Rules and matters specifically set out in the GEM Listing Rules. The authorities reserved to the remuneration committee are more particularly discussed below.

Audit Committee

The audit committee comprises three independent non-executive directors of the Company as follows:

Chow Chi Kiong (chairman of the audit committee)
Yue Kwai Wa, Ken
Chong Tao Boon, Vincent

The Company has established an audit committee with written terms of reference in accordance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee include the re-appointment of the external auditors and review of their audit fees; discussing with external auditors before the audit commences, the nature and scope of the audit; review of quarterly results with the auditors and management; review of accounting policies adopted by the Group; and the supervision of the financial reporting process and internal control systems of the Group. The audit committee has met six times during the period from 1 January 2004 to 30 April 2005.

Remuneration Committee

The remuneration committee comprises three members, the majority of which are independent non-executive directors, as follows:

Chong Tao Boon, Vincent	(appointed the chairman of the remuneration committee on 10 September 2004)
Wang Lu Yen	
Chow Chi Kiong	

The remuneration committee has been delegated with the powers and authorities to be exercised in relation to the share option scheme of the Company and to deal with all compensation matters regarding the directors and senior management of the Company and its subsidiaries in accordance with the terms and conditions of their respective agreement/contract with the relevant member of the Group. No director is allowed to be involved in deciding his own remuneration package.

The directors present this report together with the audited financial statements of Byford International Limited (the "Company") and its subsidiaries (together the "Group") for the period from 1 January 2004 to 30 April 2005.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The Company is an investment holding company incorporated in the Cayman Islands on 22 January 2003. Principal activities of the Company's subsidiaries are set out in *Note 30* to the accompanying financial statements.

An analysis of the Group's performance for the period from 1 January 2004 to 30 April 2005 by business and geographical segments is set out in *Note 6* to the accompanying financial statements.

CHANGE OF FINANCIAL YEAR END DATE

With effect from 26 July 2004, Roly International Holdings Ltd. ("Roly"), 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 date of the Company has been changed from 31 December to 30 April to be co-terminous with that of its ultimate holding company. The first set of audited accounts issued after the change is for the 16 months ended 30 April 2005.

RESULTS AND APPROPRIATION

The results of the Group for the period from 1 January 2004 to 30 April 2005 are set out in the consolidated income statement on page 45.

The directors do not recommend the payment of a final dividend for the period from 1 January 2004 to 30 April 2005.

PLANT AND EQUIPMENT

Details of movements in plant and equipment during the period from 1 January 2004 to 30 April 2005 are set out in *Note 16* to the accompanying financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company are set out in *Note 24* to the accompanying financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the period from 1 January 2004 to 30 April 2005 are set out in *Note 25* to the accompanying financial statements.

DISTRIBUTABLE RESERVES

The Company's reserve available for distribution to shareholders amounted to HK$7,992,000 (2003: HK$16,547,000).

DIRECTORS

The directors who held office during the period from 1 January 2004 to 30 April 2005 and up to the date of this report are:

Executive directors

Mr. Wang Lu Yen *(Chairman)*	(appointed on 10 September 2004)
Mr. Chai Sing Hong	
(alternate director: Mr. Choong Khuat Leok)	(appointed on 10 September 2004)
Mr. Lin Jui Hsien, Jacob	(appointed on 10 September 2004)
Mr. Liu Tsun Kie	(appointed on 30 April 2005)
Ms. Chai Sing Fai	(resigned on 10 September 2004)
Mr. Peter C. Duncan	(resigned on 10 September 2004)
Mr. Khoo Kim Cheng	(appointed on 10 September 2004 and resigned on 30 April 2005)

Non-executive directors

Mr. Md. Wira Dani Bin Abdul Daim	(appointed on 4 May 2004)
Mr. George Chen	(appointed on 10 September 2004)
(alternate director: Mr. King Jun Chih, Joseph)	(appointed on 5 November 2004)
Mr. Choong Khuat Leok	(resigned on 10 September 2004)

DIRECTORS *(Continued)*

Independent non-executive directors

Mr. Chow Chi Kiong
Mr. Yue Kwai Wa, Ken
Mr. Chong Tao Boon, Vincent (appointed on 15 September 2004)

In accordance with Article 87(1) and (2) of the Company's articles of association, Mr. Chai Sing Hong will retire by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with Article 86(3) of the Company's articles of association, Messrs. Wang Lu Yen, Lin Jui Hsien, Jacob, Liu Tsun Kie, Md. Wira Dani Bin Abdul Daim, George Chen and Chong Tao Boon, Vincent will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Mr. Chai Sing Hong has entered into a service agreement (as amended) with the Company for an initial term of three years commencing on 23 June 2003 which shall continue thereafter until terminated by either party giving to the other party not less than six months prior written notice.

There is no service contract between each of Messrs. Wang Lu Yen, Lin Jui Hsien, Jacob, Liu Tsun Kie and George Chen with the Company. Each of them is not appointed for specific term and is subject to retirement and re-election at the forthcoming annual general meeting of the Company in accordance with the provisions of the Company's articles of association.

Messrs. Chow Chi Kiong and Yue Kwai Wa, Ken were appointed on 7 May 2003. Mr. Md. Wira Dani Bin Abdul Daim was appointed on 4 May 2004. Mr. Chong Tao Boon, Vincent was appointed on 15 September 2004. Each of their term of appointment is for a term of two years. The term of appointment of Messrs. Chow Chi Kiong and Yue Kwai Wa, Ken has been renewed for another two years commencing on 7 May 2005.

Save as disclosed above, none of the directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive directors an annual confirmation of independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("the GEM Listing Rules") and the Company considered all the independent non-executive directors are independent.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

The directors' and senior management's profile is set out on pages 15 to 18.

DIRECTORS' EMOLUMENTS

Details of the directors' emoluments are set out in *Note 15* to the accompanying financial statements.

SHARE OPTION SCHEMES

Pursuant to the written resolutions of the shareholders of the Company dated 10 June 2003, two share option schemes namely, Pre-IPO Share Option Scheme and Employee Share Option Scheme (collectively referred to as the "Schemes"), were adopted by the Company.

Summary of the Schemes

(a) Purpose of the Schemes

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain directors and employees of the Group to the growth of the Group and/or the listing of shares of the Company on GEM.

The purpose of the Employee Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

SHARE OPTION SCHEMES *(Continued)*

Summary of the Schemes *(Continued)*

(b) Participants of the Schemes

Pursuant to the Schemes, the board of directors (the "Board") may, at its discretion, invite (i) employees of the Company (whether full-time or part-time) or any of its subsidiaries or associated companies; (ii) directors of the Company (whether executive directors, non-executive directors or independent non-executive directors) or directors of any of the subsidiaries or associated companies of the Group; (iii) suppliers of goods and/or services to the Company or any of its subsidiaries or associated companies; (iv) resellers, distributors, licensees, business collaborators, business consultants, joint venture or business partners, technical, financial, legal and other professional advisers engaged by the Company or any of its subsidiaries or associated companies; (v) substantial shareholders of each member of the Group; (vi) associates of directors or substantial shareholders of any of member of the Group, the subsidiaries or their associated companies; and (vii) the trustee of any trust pre-approved by the Board the beneficiary (or in case of discretionary trust, the discretionary objects) which includes any of the above-mentioned persons, to take up options to subscribe for shares of the Company.

(c) Total number of shares available for issue under the Schemes

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Employee Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 20,000,000 shares of the Company, which represents 10% of the total number of the shares of the Company in issue immediately following completion of the Placing (as defined in the Company's prospectus dated 23 June 2003). The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Schemes and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

The total number of shares of the Company which may be issued pursuant to the Pre-IPO Share Option Scheme is 20,000,000 shares of the Company, representing 10% of the issued share capital of the Company immediately following completion of the Placing (as defined in the Company's prospectus dated 23 June 2003).

SHARE OPTION SCHEMES *(Continued)*

Summary of the Schemes *(Continued)*

(d) Maximum entitlement of each participant

Pursuant to the Employee Share Option Scheme, the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted pursuant to the Employee Share Option Scheme and any other share option schemes of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

There is no provision limiting the maximum number of options that may be granted to any individual grantee under the Pre-IPO Share Option Scheme.

(e) Time of exercise of options

Pursuant to the Employee Share Option Scheme, any option may be exercised in accordance with its terms at any time during a period of not more than ten years after the date on which an offer of the option is made to a grantee to be notified by the Board to each grantee and there is no minimum period for which an option must be held before it can be exercised.

Pursuant to the Pre-IPO Share Option Scheme, an option may be exercised 12 months after 27 June 2003 but before the expiry of a period of not more than ten years after the date on which an offer of the option is made to a grantee to be notified by the Board to each grantee in accordance with the Pre-IPO Share Option Scheme provided that the maximum aggregate number of shares of the Company exercisable under an option shall be a number equal to the product of the percentage set out in the second column below (determined by reference to the date when an option is exercised) and the number of shares of the Company comprised in an option in respect of which an option has been granted to a grantee:

First column **Date when option may be exercised**	**Second column** **Percentage of option which is exercisable**
12 months after 27 June 2003	Up to 25%
15 months after 27 June 2003	Up to 50%
21 months after 27 June 2003	Up to 75%
27 months after 27 June 2003	Up to 100%

SHARE OPTION SCHEMES *(Continued)*

Summary of the Schemes *(Continued)*

(f) Acceptance of option

Pursuant to the Schemes, HK$1.0 per offer of grant is payable by the grantee to the Company on acceptance of the option offer as consideration for the grant.

Pursuant to the Pre-IPO Share Option Scheme, the offer of the option must be accepted within seven days from the date on which an offer of option is made to a grantee. Pursuant to the Employee Share Option Scheme, the option must be accept within 21 days from the date on which an offer of option is made to a grantee.

(g) Basis of determining the subscription price

The subscription price per share under the Pre-IPO Share Option Scheme is HK$0.30, being 50% of the price per share at which the shares were placed under the initial public offer of shares of the Company. The subscription price per share under the Employee Share Option Scheme shall be determined by the Board at its absolute discretion and notified to each grantee and shall be no less than the highest of:

(i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date on which an offer of the option is made to a grantee, which must be a Trading Day (as defined in the Employee Share Option Scheme);

(ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five consecutive Trading Days immediately preceding the date on which an offer of the option is made to a grantee; and

(iii) the nominal value of a share of the Company.

SHARE OPTION SCHEMES *(Continued)*

Summary of the Schemes *(Continued)*

(h) Remaining life of the Schemes

The Pre-IPO Share Option Scheme has no remaining life and no further options may be granted under such scheme after 27 June 2003.

The Employee Share Option Scheme will remain valid for a period of 10 years commencing on 10 June 2003 (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Employee Share Option Scheme).

The other principal terms of the Pre-IPO Share Option Scheme and the Employee Share Option Scheme are set out in the prospectus of the Company dated 23 June 2003.

SHARE OPTION SCHEMES *(Continued)*

Outstanding Share Options

As at 30 April 2005, there was no outstanding share option under the Pre-IPO Share Option Scheme. Details of movements of share options granted to certain directors and employees of the Group pursuant to the Pre-IPO Share Option Scheme were as follows:

		Number of share options							
Grantees	Date of grant	Outstanding as at 1 January 2004	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 April 2005	Exercise period *(Note 3)*	Subscription price per share of the Company *HK$*
Chai Sing Hong	10/06/2003	14,000,000	—	—	—	14,000,000 *(Note 1)*	—	28/06/2004 — 09/06/2013	0.30
Chai Sing Fai	10/06/2003	2,000,000	—	—	—	2,000,000 *(Note 1)*	—	28/06/2004 — 09/06/2013	0.30
Peter C. Duncan	10/06/2003	1,000,000	—	—	750,000	250,000	—	28/06/2004 — 09/06/2013	0.30
Choong Khuat Leok	10/06/2003	1,666,666	—	—	1,250,000	416,666	—	28/06/2004 — 09/06/2013	0.30
Other employees	10/06/2003	1,333,334	—	—	1,000,003	333,331	—	28/06/2004 — 09/06/2013	0.30
Total:		20,000,000	—	—	3,000,003 *(Note 2)*	16,999,997 *(Note 2)*	—		

SHARE OPTION SCHEMES *(Continued)*

Outstanding Share Options *(Continued)*

Notes:

1. Options were relinquished and cancelled upon completion of the share sales agreement dated 5 July 2004 and entered into between Pacific Genius Group Limited ("PGGL") and, among others, Mr. Chai Sing Hong and Ms. Chai Sing Fai in respect of the sale of an aggregate of 102,000,000 shares of the Company and the cancellation of 16,000,000 options. The share sales agreement completed on 26 July 2004.

2. Out of these options, 999,997 exercisable options in aggregate were cancelled upon the acceptance of the option offer made by PGGL on 28 July 2004 and, pursuant to the Pre-IPO Share Option Scheme, 3,000,003 options, which were not exercisable at that time, lapsed one month after the mandatory unconditional cash offer made by PGGL on 28 July 2004.

3. An option may be exercised 12 months after 27 June 2003 but before the expiry of a period of not more than ten years after the date on which an offer of the option is made to a grantee to be notified by the Board to each grantee in accordance with the Pre-IPO Share Option Scheme provided that the maximum aggregate number of shares of the Company exercisable under an option shall be a number equal to the product of the percentage set out in the second column below (determined by reference to the date when an option is exercised) and the number of shares of the Company comprised in an option in respect of which an option has been granted to a grantee:

First column **Date when option may be exercised**	**Second column** **Percentage of option which is exercisable**
12 months after 27 June 2003	Up to 25%
15 months after 27 June 2003	Up to 50%
21 months after 27 June 2003	Up to 75%
27 months after 27 June 2003	Up to 100%

4. As the options were granted prior to the listing of shares of the Company on GEM, no closing price of the shares of the Company was available immediate before the date on which the options were granted.

As at 30 April 2005, no share option has been granted pursuant to the Employee Share Option Scheme since its adoption.

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

As at 30 April 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 and 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 Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

(1) Long positions in the shares of the Company

Name of directors	Capacity	Number of issued shares held	Approximate percentage of shareholding as at 30 April 2005
Wang Lu Yen	Interest of a controlled corporation *(Note 1)*	134,609,990	67.30%
Chai Sing Hong	Beneficial owner	12,045,000	6.02%
Md. Wira Dani Bin Abdul Daim	Interest of a controlled corporation *(Note 2)*	2,500,000	1.25%

Notes:

1. As at 30 April 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 34.59% of the issued share capital of Roly. 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. 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.

2. As at 30 April 2005, Skyline Agents Limited, a company incorporated in the British Virgin Islands, held 2,500,000 shares, representing 1.25% of the 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 of the Company held by Skyline Agents Limited by virtue of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(2) Long positions in the shares of associated corporations

Name of associated corporations	Name of directors	Capacity	Number of issued shares held	Approximate percentage of shareholding as at 30 April 2005
Roly *(Note 1)*	Wang Lu Yen	Beneficial owner	20,200,000	4.93%
		Interest of spouse *(Note 2)*	350,000	0.09%
		Interest of a controlled corporation *(Note 3)*	121,243,500	29.58%
Roly	Lin Jui Hsien, Jacob	Beneficial owner	3,761,298	0.92%
Roly	King Jun Chih, Joseph	Beneficial owner	83,000	0.02%
Linmark Group Limited ("Linmark") *(Note 4)*	Wang Lu Yen	Beneficial owner	620,000	0.09%
		Interest of a controlled corporation *(Note 5)*	437,340,000	66.70%
Linmark	King Jun Chih, Joseph	Beneficial owner	39,000	0.01%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(2) Long positions in the shares of associated corporations *(Continued)*

Notes:

1. As at 30 April 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.

2. These shares in Roly were held by Mrs. Wang Liaw Bin Bin, the wife of Mr. Wang Lu Yen.

3. 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.

4. As at 30 April 2005, Roly, the ultimate holding company of Linmark, through RGS Holdings Limited, held 437,340,000 shares, representing approximately 66.70% of the issued share capital of Linmark.

5. These shares in Linmark were held by RGS Holdings Limited, the entire issued share capital of which is owned by Roly. As at 30 April 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 34.59% 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(3) 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	Liu Tsun Kie	Beneficial owner	500,000
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	1,140,750
Linmark	King Jun Chih, Joseph	Beneficial owner	1,085,000

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

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

(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 of the Company were granted share options to subscribe for shares of Roly, details of which as at 30 April 2005, were as follows:

Name of directors	Date of grant	Number of share options to subscribe for shares of Roly as at 30 April 2005	Exercise period	Subscription price per share of Roly
				US$
Wang Lu Yen	23/08/2004	1,600,000	23/08/2005-22/08/2010	0.248
Liu Tsun Kie	23/08/2004	500,000	23/08/2005-22/08/2010	0.248
Lin Jui Hsien, Jacob	21/08/2001	1,200,000	21/08/2002-20/08/2009	0.100
	07/03/2002	2,000,000	07/03/2004-06/03/2010	0.130
	22/11/2002	1,500,000	22/11/2003-21/11/2008	0.138
	09/05/2003	1,500,000	09/05/2004-08/05/2009	0.151
	30/03/2004	1,000,000	30/03/2005-29/03/2010	0.321
George Chen	30/03/2004	300,000	30/03/2005-29/03/2010	0.321
	23/08/2004	700,000	23/08/2005-22/08/2010	0.248
King Jun Chih, Joseph	22/11/2002	300,000	22/11/2003-21/11/2008	0.138
	09/05/2003	600,000	09/05/2004-08/05/2009	0.151
	30/03/2004	200,000	30/03/2005-29/03/2010	0.321

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

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

(b) Certain directors of the Company were granted bonus warrants by Roly on 29 April 2004 to subscribe for shares of Roly, details of which as at 30 April 2005, were as follows:

Name of directors	Capacity	Number of warrants to subscribe for shares of Roly as at 30 April 2005 *(Note 1)*	Exercise period	Subscription price per share of Roly S$
Wang Lu Yen	Beneficial owner	5,050,000	29/04/2004-28/04/2009	0.75
Wang Lu Yen	Interest of spouse *(Note 2)*	87,500	29/04/2004-28/04/2009	0.75
Wang Lu Yen	Interest of a controlled corporation *(Note 3)*	30,310,875	29/04/2004-28/04/2009	0.75
Lin Jui Hsien, Jacob	Beneficial owner	715,324	29/04/2004-28/04/2009	0.75
King Jun Chih, Joseph	Beneficial owner	40,750	29/04/2004-28/04/2009	0.75

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

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

(b) *(Continued)*

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, an alternate director of the Company was granted share options to subscribe for shares of Linmark, details of which as at 30 April 2005, were as follows:

Name of director	Date of grant	Number of share options to subscribe for shares of Linmark as at 30 April 2005	Exercise period	Subscription price per share of Linmark
				HK$
King Jun Chih, Joseph	21/05/2002	525,000	21/05/2003-20/05/2008	2.550
	06/11/2002	240,000	06/11/2003-05/11/2008	1.600
	30/05/2003	170,000	30/05/2004-29/05/2009	2.125
	30/03/2004	150,000	30/03/2005-29/03/2010	2.975

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Save as disclosed above, as at 30 April 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed of have under such provisions of the SFO); or which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER 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 30 April 2005, the persons or corporations (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 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	Approximate percentage of shareholding
PGGL	Beneficial owner *(Note 1)*	134,609,990	67.30%
Roly	Interest of a controlled corporation *(Note 2)*	134,609,990	67.30%
Chan Wai Yee	Interest of spouse *(Note 3)*	12,045,000	6.02%

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WITH INTERESTS IN THE COMPANY WHICH ARE DISCLOSEABLE UNDER SECTION 336 OF PART XV OF THE SFO *(Continued)*

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 34.59% 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.

3. 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 shares in the Company (as disclosed in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" in this report).

Save as disclosed above, as at 30 April 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.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period under review or at any time during the period under review.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the period from 1 January 2004 to 30 April 2005, the five largest customers of the Group accounted for approximately 56% of the Group's total turnover and the five largest suppliers accounted for approximately 50% of the Group's total purchases. In addition, the largest customer accounted for approximately 13% of the Group's total turnover and the largest supplier accounted for approximately 19% of the Group's total purchases.

None of the directors, their associates, or any shareholders (which to the knowledge of the directors, owned more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and five largest suppliers noted above.

COMPETING INTEREST

For the period from 1 January 2004 to 30 April 2005, none of the directors, the management shareholders and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the period from 1 January 2004 to 30 April 2005.

PRE-EMPTIVE RIGHTS

There are no provision for the exercise of any pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MATERIAL LITIGATION

Neither the Company nor its subsidiaries was involved in any material litigation or arbitration during the period from 1 January 2004 to 30 April 2005.

SPONSOR'S INTEREST

Under the sponsor agreement dated 23 June 2003 entered into between the Company and Kingston Corporate Finance Limited ("Kingston"), Kingston was appointed as the Company's continuing sponsor for a term from 27 June 2003 to 31 December 2005. On 9 September 2004, the aforesaid sponsor agreement was terminated and the Company appointed Cazenove Asia Limited ("Cazenove") as the new continuing sponsor.

According to the agreement entered into between the Company and Cazenove on 10 September 2004, as amended, for a fee, Cazenove acts as the Company's continuing sponsor as required under the GEM Listing Rules from 10 September 2004 to 31 July 2006. As at 30 April 2005, none of Cazenove, its directors, employees and their associates (as defined in Note 3 to Rule 6.35 of the GEM Listing Rules) 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 in accordance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee include the re-appointment of the external auditors and review of their audit fees; discussing with external auditors before the audit commences, the nature and scope of the audit; review of quarterly results with the auditors and management; review of accounting policies adopted by the Group; and the supervision of the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Chow Chi Kiong (chairman of the audit committee), Mr. Yue Kwai Wa, Ken, and Mr. Chong Tao Boon, Vincent. The audit committee has met six times during the period from 1 January 2004 to 30 April 2005.

The audit committee has reviewed with management and auditors of the Company, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited consolidated financial statements for the period from 1 January 2004 to 30 April 2005.

BOARD PRACTICES AND PROCEDURES

During the period from 1 January 2004 to 30 April 2005, the Company has complied with board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules (in force prior to 1 January 2005) and as applicable, Appendix 15 of the GEM Listing Rules except that a non-executive director has not been appointed for specific term.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period from 1 January 2004 to 30 April 2005, the Company continued to adopt a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of all directors, and the Company is not aware of any non-compliance with the required standard of dealings or otherwise in connection with its code of conduct regarding securities transactions by directors.

AUDITORS

Deloitte Touche Tohmatsu, auditors of the Company for the financial year ended 31 December 2003, resigned with effect from 15 November 2004. At the extraordinary general meeting of the Company held on 6 December 2004, an ordinary resolution was passed to appoint PricewaterhouseCoopers as the new auditors of the Company in place of Deloitte Touche Tohmatsu.

The financial statements for the period from 1 January 2004 to 30 April 2005 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By Order of the Board

Chai Sing Hong
Director

Hong Kong, 27 June 2005

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

TO THE SHAREHOLDERS OF BYFORD INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the accompanying balance sheet of Byford International Limited ("the Company") as of 30 April 2005, the consolidated balance sheet of the Company and its subsidiaries (together, "the Group") as of 30 April 2005 and the related consolidated statements of income, cash flows and changes in equity for the period from 1 January 2004 to 30 April 2005. These financial statements set out on pages 45 to 92 are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the accompanying financial statements give a true and fair view of the financial positions of the Company and of the Group as of 30 April 2005, and of the Group's results of operations and cash flows for the period 1 January 2004 to 30 April 2005 in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 June 2005

Consolidated Income Statement

For the period from 1 January 2004 to 30 April 2005

	Note	**1 January 2004 to 30 April 2005**	1 January 2003 to 31 December 2003
		HK$'000	*HK$'000*
Turnover	*5*	**63,147**	51,689
Cost of sales		**(35,099)**	(25,487)
Gross profit		**28,048**	26,202
Other operating income	*7*	**626**	556
Selling and distribution costs		**(9,315)**	(5,987)
General and administrative expenses		**(21,308)**	(11,860)
Operating (loss)/profit	*8*	**(1,949)**	8,911
Finance costs	*9*	**(975)**	(990)
(Loss)/profit before income tax		**(2,924)**	7,921
Income tax (expenses)/credit	*10*	**(36)**	151
(Loss)/profit for the period/year, attributable to equity holders of the Company		**(2,960)**	8,072
Dividend	*11*	**—**	2,000
(Loss)/earnings per share *(HK cents)*			
— basic	*13*	**(1.5)**	4.4
— diluted	*13*	**(1.5)**	4.4

The notes on pages 50 to 92 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 April 2005

	Note	**As at 30 April 2005** **HK$'000**	As at 31 December 2003 HK$'000
Non-current assets			
Plant and equipment	*16*	**1,562**	2,686
Trademarks	*17*	**17,434**	15,628
Deferred income tax assets	*23*	**277**	430
		19,273	18,744
Current assets			
Inventories	*18*	**8,519**	8,836
Trade receivables	*19*	**11,822**	19,483
Prepayments, deposits and other receivables		**1,003**	904
Bank balances and cash		**1,742**	1,979
		23,086	31,202
Current liabilities			
Trade payables	*20*	**3,849**	6,338
Accruals and other payables		**3,425**	5,568
Borrowings	*21*	**7,006**	3,472
Taxation payable		**104**	440
		14,384	15,818
Net current assets		**8,702**	15,384
Total assets less current liabilities		**27,975**	34,128
Non-current liabilities			
Borrowings	*21*	**622**	3,119
		622	3,119
Net assets		**27,353**	31,009
Financed by:			
Share capital	*24*	**2,000**	2,000
Reserves	*25*	**25,353**	29,009
Total equity		**27,353**	31,009

Chai Sing Hong
Director

Lin Jui Hsien, Jacob
Director

The notes on pages 50 to 92 are an integral part of these financial statements.

Balance Sheet

As at 30 April 2005

	Note	**As at 30 April 2005 HK$'000**	As at 31 December 2003 HK$'000
Non-current assets			
Plant and equipment		**57**	88
Interests in subsidiaries	*30*	**15,462**	18,325
		15,519	18,413
Current assets			
Prepayments and other receivables		**134**	173
Bank balances and cash		**639**	255
		773	428
Current liabilities			
Accruals and other payables		**880**	267
Amounts due to subsidiaries	*31*	**5,420**	27
		6,300	294
Net current (liabilities)/assets		**(5,527)**	134
Net assets		**9,992**	18,547
Financed by:			
Share capital	*24*	**2,000**	2,000
Reserves	*25*	**7,992**	16,547
Total equity		**9,992**	18,547

Chai Sing Hong
Director

Lin Jui Hsien, Jacob
Director

The notes on pages 50 to 92 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the period from 1 January 2004 to 30 April 2005

	Note	**1 January 2004 to 30 April 2005** **HK$'000**	1 January 2003 to 31 December 2003 HK$'000
Balance at beginning of the period/year		**31,009**	2,509
(Loss)/profit for the period/year	*25*	**(2,960)**	8,072
Issue of shares			
— conversion of convertible note	*25*	**—**	4,680
— initial public offering	*24, 25*	**—**	25,320
Share issue expenses	*25*	**—**	(9,572)
Shareholder contribution	*25*	**818**	—
Currency translation differences	*25*	**486**	—
Dividend paid	*25*	**(2,000)**	—
Balance at end of the period/year		**27,353**	31,009

The notes on pages 50 to 92 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the period from 1 January 2004 to 30 April 2005

	Note	**1 January 2004 to 30 April 2005**	1 January 2003 to 31 December 2003
		HK$'000	*HK$'000*
Cash flows from operating activities			
Cash generated from/(used in) operations	*26*	**3,767**	(4,815)
Income tax paid		**(208)**	(347)
Net cash generated from/(used in) operating activities		**3,559**	(5,162)
Cash flows from investing activities			
Purchase of plant and equipment		**(135)**	(105)
Purchase of trademarks		**(2,891)**	—
Proceeds from disposal of plant and equipment		**212**	—
Other		**—**	34
Net cash used in investing activities		**(2,814)**	(71)
Cash flows from financing activities			
Proceeds from issue of shares		**—**	30,000
Share issue expenses		**—**	(9,572)
New bank loans		**2,500**	—
Repayment of bank loans		**(1,952)**	(2,495)
Net increase/(decrease) in trust receipts bank loans		**598**	(3,740)
Repayment of finance lease obligations		**(705)**	(747)
Repayment to a related company		**—**	(392)
Repayment to a director		**—**	(317)
Dividend paid to the Company's shareholders		**(2,000)**	—
Interest paid		**(975)**	(990)
Shareholder contribution	*25*	**818**	—
Net cash (used in)/generated from financing activities		**(1,716)**	11,747
Net (decrease)/increase in cash and cash equivalents		**(971)**	6,514
Cash and cash equivalents at beginning of the period/year		**515**	(5,999)
Effect of exchange rate changes		**138**	—
Cash and cash equivalents at end of the period/year	*26*	**(318)**	515

The notes on pages 50 to 92 are an integral part of these financial statements.

1. GENERAL INFORMATION

Byford International Limited (the "Company") was incorporated in the Cayman Islands on 22 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised). The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The shares of the Company have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited since 27 June 2003.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in *Note 30*.

On 26 July 2004, Roly International Holdings Ltd., a company incorporated in Bermuda and listed on the Singapore Exchange Securities Trading Limited, became the ultimate holding company of the Company.

The Company announced on 17 November 2004 that the financial year end date of the Company would be changed from 31 December to 30 April each year. This facilitates the preparation of consolidated financial statements of Roly International Holdings Ltd., which will include the consolidated financial statements of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period/year presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the disclosure requirements of the Hong Kong Companies Ordinance and the rules governing the listing on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are disclosed in *Note 4*.

(b) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation *(Continued)*

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less accumulated impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation *(Continued)*

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designed as hedges of such instruments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture, fixtures and equipment	4 — 10 years
Motor vehicles	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount *(Note 2(g))*.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

(f) Trademarks

Trademarks are shown at historical cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 20 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment of assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost comprises the direct costs of merchandise and charges that have been incurred in bringing the inventories to their present location and condition, and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

(i) Trade receivables

Trade receivables are carried at original invoice amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at effective interest rate. The amount of the provision is recognised in the income statement.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Where the Company purchases its equity shares, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

(l) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) Deferred income taxes

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Deferred income taxes *(Continued)*

Deferred income tax assets are recognised to the extent that it is probably that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) Employee benefits

(i) Pension obligations

Group companies operate defined contribution plans which are generally funded through payments to trustee-administrated funds.

A defined contribution plan is a pension plan under which the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Employee benefits *(Continued)*

(iii) Bonus plan

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Revenue recognition

Revenue comprises the fair value for the sales of merchandise and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sales of merchandise

Sales of merchandise are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Revenue recognition *(Continued)*

(ii) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of plant and equipment where the Group has substantially all risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased plant and equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

3. FINANCIAL RISK FACTORS

Financial assets and financial liabilities carried on the balance sheet include bank balances and cash, trade receivables, long-term other payables, trade payables and bank loans. The accounting policies on recognition and measurement of these items are disclosed in *Note 2* to the financial statements.

Management regularly monitors the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities were considered by management.

(a) Foreign exchange risk

The Group's transactions, trade receivables and payables are mainly denominated in Malaysian ringgit and Singapore dollars. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group does not expect the net foreign exchange exposure from these activities to be significant and hence, the Group does not presently hedge this foreign exchange exposure. The Group periodically reviews liquid assets and liabilities held in currencies other than the Hong Kong dollars to ensure that net exposure is kept at an acceptable level.

3. FINANCIAL RISK FACTORS *(Continued)*

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sale of products and services are made to customers with an appropriate credit history.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The Group regularly seeks out the most favourable interest rates available for its bank borrowings. Information relating to the interest rates of the Group's borrowings is disclosed in *Note 21* to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(a) Estimated impairment of trademarks

The Group assesses whether trademarks have suffered any impairment, in accordance with the accounting policy stated in *Note 2(g)*. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Estimated impairment of plant and equipment

The Group assesses whether plant and equipment has suffered any impairment, in accordance with the accounting policy stated in *Note 2(g)*. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(c) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on an assessment of the recoverability of trade receivables and other receivables. Provisions are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

(d) Income taxes and deferred tax

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(d) Income taxes and deferred tax *(Continued)*

Deferred tax assets relating to certain temporary differences and tax losses are recognised to the extent that management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such difference will impact the recognition of deferred tax assets and income tax charge in the period in which such estimate has been changed.

5. TURNOVER

	1 January 2004 to 30 April 2005 *HK$'000*	1 January 2003 to 31 December 2003 *HK$'000*
Sale of goods	**56,671**	47,717
Royalties income	**6,476**	3,972
	63,147	51,689

6. SEGMENTAL INFORMATION

Primary reporting format — business segments

As at 30 April 2005, the Group is organised on a worldwide basis into two main business segments.

(i) Sales of men's innerwear, sock and apparel; and

(ii) Licensing of the Group's trademarks relating to men's innerwear, sock and apparel in return for royalties income.

No segment revenue arose from transactions with other segments (2003: Nil).

6. SEGMENTAL INFORMATION *(Continued)*

Primary reporting format — business segments *(Continued)*

The segment results for the period from 1 January 2004 to 30 April 2005 are as follows:

	Sales of goods		Licensing		Total	
	1 January 2004 to 30 April 2005 *HK$'000*	1 January 2003 to 31 December 2003 *HK$'000*	**1 January 2004 to 30 April 2005 *HK$'000***	1 January 2003 to 31 December 2003 *HK$'000*	**1 January 2004 to 30 April 2005 *HK$'000***	1 January 2003 to 31 December 2003 *HK$'000*
External sales	**56,671**	47,717	**6,476**	3,972	**63,147**	51,689
Segment results	**2,159**	8,850	**3,579**	1,857	**5,738**	10,707
Unallocated expenses					**(7,687)**	(1,796)
Operating (loss)/profit					**(1,949)**	8,911
Finance costs					**(975)**	(990)
Tax					**(36)**	151
(Loss)/profit for the period/year					**(2,960)**	8,072
Segment assets	**25,043**	31,027	**16,194**	17,934	**41,237**	48,961
Unallocated assets					**845**	555
Deferred tax assets					**277**	430
Total assets					**42,359**	49,946
Segment liabilities	**6,448**	8,073	**44**	3,761	**6,492**	11,834
Borrowings					**7,628**	6,591
Unallocated liabilities					**782**	72
Taxation payable					**104**	440
Total liabilities					**15,006**	18,937
Segment capital expenditures	**135**	11	**2,891**	707	**3,026**	718
Unallocated capital expenditures					**—**	94
					3,026	812
Segment depreciation and amortisation	**900**	811	**1,429**	931	**2,329**	1,742
Unallocated depreciation and amortisation					**20**	5
					2,349	1,747

6. SEGMENTAL INFORMATION *(Continued)*

Primary reporting format — business segments *(Continued)*

Unallocated expenses represent corporate expenses.

Segment assets consist primarily plant and equipment, trademarks, inventories, receivables and operating cash. They exclude deferred income tax assets.

Segment liabilities comprise operating liabilities. They exclude borrowings and taxation payable.

Capital expenditures comprises additions to plant and equipment and trademarks. Depreciation and amortisation comprise depreciation of plant and equipment and amortisation of trademarks.

Secondary reporting format — geographical segments

The Group's two business segments operate primarily in four main geographical areas, even though they are managed on a worldwide basis.

The following table provides an analysis of the Group's turnover, total assets and capital expenditures by geographical locations.

	Turnover		Total assets		Capital expenditures	
	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003	**1 January 2004 to 30 April 2005**	1 January 2003 to 31 December 2003	**1 January 2004 to 30 April 2005**	1 January 2003 to 31 December 2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Malaysia	**27,047**	25,100	**29,485**	38,747	**50**	714
Singapore	**22,625**	16,753	**12,027**	10,651	**2,976**	4
Dubai	**5,907**	4,709	**—**	—	**—**	—
Others	**7,568**	5,127	**847**	548	**—**	94
	63,147	51,689	**42,359**	49,946	**3,026**	812

6. SEGMENTAL INFORMATION *(Continued)*

Secondary reporting format — geographical segments *(Continued)*

Turnover is based on the location of customers.

Total assets and capital expenditures are based on the location of those assets.

7. OTHER OPERATING INCOME

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
	HK$'000	*HK$'000*
Write-back of allowance for doubtful debts	**614**	394
Others	**12**	162
	626	556

8. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after crediting and charging the following:

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
	HK$'000	*HK$'000*
Crediting —		
Write-back of provision for obsolete inventories	**—**	2,325
Charging —		
Cost of inventories sold (excluding provision for obsolete inventories and write-back of provision)	**33,975**	27,667
Provision for obsolete inventories	**347**	—
Depreciation on		
— plant and equipment held under finance leases	**755**	485
— own assets	**357**	343
Loss on disposal of plant and equipment	**5**	3
Amortisation of trademarks (included in general and administrative expenses)	**1,237**	919
Staff costs *(Note 14)*	**12,190**	8,169
Operating lease payments in respect of land and buildings	**1,956**	1,449
Royalty fees	**777**	145
Exchange loss, net	**993**	86
Auditors' remuneration	**868**	286

9. FINANCE COSTS

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
	HK$'000	*HK$'000*
Interest on bank loans	**862**	920
Finance lease	**113**	70
	975	990

10. INCOME TAX (EXPENSES)/CREDIT

The Company is exempted from taxation in the Cayman Islands.

No Hong Kong profits tax was provided as the Group had no assessable profits arising in or deriving from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

10. INCOME TAX (EXPENSES)/CREDIT *(Continued)*

The amount of tax (charged)/credited to the consolidated income statement represents:

	1 January 2004 to 30 April 2005 *HK$'000*	1 January 2003 to 31 December 2003 *HK$'000*
Current tax		
Singapore profits tax		
— Current tax	**(185)**	(301)
— Overprovision in prior year	**313**	22
	128	(279)
Deferred tax *(Note 23)*	**(164)**	430
	(36)	151

The taxation on the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, the place of listing of the Company, as follows:

	1 January 2004 to 30 April 2005 *HK$'000*	1 January 2003 to 31 December 2003 *HK$'000*
(Loss)/profit before taxation	**(2,924)**	7,921
Calculated at a taxation rate of 17.5% (2003: 17.5%)	**(512)**	1,386
Effect of different taxation rates in other countries	**441**	481
Utilisation of previously unrecognised tax losses	**(213)**	(1,066)
Income not subject to taxation	**(1,994)**	(1,195)
Expenses not deductible for taxation purposes	**2,555**	997
Overprovision in prior year	**(313)**	(452)
	(36)	151

10. INCOME TAX (EXPENSES)/CREDIT *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK$7,081,000 (2003: HK$7,211,000) in respect of losses amounting to HK$25,288,000 (2003: HK$25,753,000) that can be carried forward against future taxable income. These tax losses have no expiry date.

11. DIVIDEND

	1 January 2004 to 30 April 2005 *HK$'000*	1 January 2003 to 31 December 2003 *HK$'000*
Final, proposed, of Nil (2003: HK$0.01) per ordinary share	—	2,000

12. (LOSS)/PROFIT FOR THE PERIOD/YEAR

(Loss)/profit for the period/year is dealt with in the financial statements of the Company to the extent of approximately HK$6,555,000 (2003: HK$1,881,000).

13. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period/year, attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period/year.

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
(Loss)/profit for the period/year attributable to equity holders of the Company *(HK$'000)*	**(2,960)**	8,072
Weighted average number of ordinary shares in issue *('000)*	**200,000**	181,678
Basic (loss)/earnings per share *(HK cents)*	**(1.5)**	4.4

13. (LOSS)/EARNINGS PER SHARE *(Continued)*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

There are no outstanding share options under the Company's share options schemes and accordingly there is no dilutive effect on loss for the period from 1 January 2004 to 30 April 2005.

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
(Loss)/profit for the period/year attributable to equity holders of the Company *(HK$'000)*	**(2,960)**	8,072
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**200,000**	182,100
Diluted earnings per share *(HK cents)*	**(1.5)**	4.4

14. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
	HK$000	*HK$'000*
Salaries, wages and bonuses	**11,258**	7,075
Pension costs — defined contribution plans	**886**	645
Other employee benefit expenses	**46**	449
	12,190	8,169

14. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(Continued)*

The number of persons employed at the end of the period/year:

	At 30 April 2005	At 31 December 2003
Full time	**82**	82
Part time	**7**	—
	89	82

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments paid/payable to directors of the Company during the period/year are as follows:

	1 January 2004 to 30 April 2005 *HK$'000*	1 January 2003 to 31 December 2003 *HK$'000*
Executive directors		
Fee	**935**	529
Basic salaries and allowances	**535**	—
Bonuses	**20**	—
Pension costs — defined contribution plans	**5**	—
	1,495	529
Non-executive directors		
Fee	**575**	322
Independent non-executive directors		
Fee	**264**	80
	2,334	931

During the period/year, none of the directors of the Company waived any emoluments or has agreed to waive any emoluments.

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

The emoluments of the directors of the Company fell within the following bands:

	Number of directors	
	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
Nil to HK$1,000,000	**13**	6

The executive directors received individual emoluments for the period from 1 January 2004 to 30 April 2005 of approximately HK$8,000 (2003: Nil), HK$255,000 (2003: HK$125,000), HK$8,000 (2003: Nil), Nil (2003: Nil), HK$906,000 (2003: HK$284,000), HK$310,000 (2003: HK$120,000) and HK$8,000 (2003:Nil).

The non-executive directors received individual emoluments for the period from 1 January 2004 to 30 April 2005 of approximately HK$40,000 (2003: Nil), HK$8,000 (2003: Nil) and HK$527,000 (2003: HK$322,000).

The independent non-executive directors received individual emoluments for the period from 1 January 2004 to 30 April 2005 of approximately HK$107,000 (2003: HK$40,000), HK$107,000 (2003: HK$40,000) and HK$50,000 (2003: Nil).

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the period/year include two (2003: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2003: one) individuals during the period/year are as follows:

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
	HK$'000	*HK$'000*
Basic salaries and allowances	**2,609**	160
Bonuses	**239**	—
	2,848	160

The emoluments fell within the following band:

	Number of Individuals	
	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
Nil to HK$1,000,000	**3**	1

(c) No emolument was paid to the directors of the Company or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost			
At 1 January 2004	3,802	3,088	6,890
Additions	135	—	135
Disposals	(276)	(575)	(851)
Exchange adjustment	130	106	236
At 30 April 2005	**3,791**	**2,619**	**6,410**
Accumulated depreciation			
At 1 January 2004	2,938	1,266	4,204
Charge for the period	357	755	1,112
Disposals	(260)	(374)	(634)
Exchange adjustment	103	63	166
At 30 April 2005	**3,138**	**1,710**	**4,848**
Net book amount			
At 30 April 2005	**653**	**909**	**1,562**
At 31 December 2003	864	1,822	2,686

Plant and equipment includes the following amounts where the Group is a lessee under finance leases:

Cost — capitalised future leases	—	2,338	2,338
Accumulated depreciation	—	(1,429)	(1,429)
Net book amount	—	909	909

16. PLANT AND EQUIPMENT *(Continued)*

	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost			
At 1 January 2003	3,744	2,381	6,125
Additions	105	707	812
Disposals	(47)	—	(47)
At 31 December 2003	3,802	3,088	6,890
Accumulated depreciation			
At 1 January 2003	2,639	781	3,420
Charge for the period	343	485	828
Disposals	(44)	—	(44)
At 31 December 2003	2,938	1,266	4,204
Net book amount			
At 31 December 2003	864	1,822	2,686
At 31 December 2002	1,105	1,600	2,705

Plant and equipment includes the following amounts where the Group is a lessee under finance leases:

Cost — capitalised future leases	—	3,088	3,088
Accumulated depreciation	—	(1,266)	(1,266)
Net book amount	—	1,822	1,822

17. TRADEMARKS

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Cost	**21,642**	18,387
Accumulated amortisation	**(4,208)**	(2,759)
Net book amount	**17,434**	15,628

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
	HK$'000	*HK$'000*
Opening net book amount	**15,628**	16,547
Exchange adjustments	**152**	—
Additions	**2,891**	—
Amortisation charge	**(1,237)**	(919)
Closing net book amount	**17,434**	15,628

18. INVENTORIES

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Finished goods	**8,519**	8,836

19. TRADE RECEIVABLES

The credit terms granted to customers range from 60 to 90 days. The ageing analysis of trade receivables is as follows:

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
0 to 30 days	**3,826**	10,904
31 to 60 days	**2,982**	4,409
61 to 90 days	**2,262**	3,038
91 to 120 days	**1,421**	1,093
121 to 180 days	**888**	645
181 to 365 days	**924**	276
Over 365 days	**546**	84
	12,849	20,449
Less: provision for doubtful debts	**(1,027)**	(966)
	11,822	19,483

Trade receivables are denominated in the following currencies:

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Hong Kong dollars	**225**	786
Singapore dollars	**3,657**	4,170
Malaysian ringgit	**6,606**	13,453
Others	**1,334**	1,074
	11,822	19,483

There is no concentration of credit risk with respect of trade receivables, as the Group has a number of customers, geographically dispersed.

The fair values are approximated to the carrying amounts due to short-term maturity.

20. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
0 to 30 days	**1,700**	2,161
31 to 60 days	**1,390**	1,860
61 to 90 days	**758**	1,394
91 to 120 days	**—**	778
Over 120 days	**1**	145
	3,849	6,338

Trade payables are denominated in the following currencies:

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Hong Kong dollars	**1,286**	2,938
Singapore dollars	**857**	915
Malaysian ringgit	**921**	2,148
Others	**785**	337
	3,849	6,338

The fair values are approximated to the carrying amounts due to short-term maturity.

21. BORROWINGS

	At 30 April 2005 HK$'000	At 31 December 2003 HK$'000
Current		
Bank overdrafts	**2,060**	1,464
Trust receipts bank loans	**598**	—
Long-term loans, current portion	**3,992**	1,478
Finance lease obligations *(Note 22)*	**356**	530
	7,006	3,472
Non-current		
Long-term loans, non-current portion	**466**	2,432
Finance lease obligations *(Note 22)*	**156**	687
	622	3,119
	7,628	6,591

The bank overdrafts and short-term loans bear interest ranging from 4.5% to 8.5% (2003: 4.5% to 8.9%) per annum. The long-term loans bear interest at 8.5% (2003: 8.9%) per annum. The weighted average effective interest rates at the balance sheet date were as follows:

	At 30 April 2005 %	At 31 December 2003 %
Bank overdrafts	**8.3**	8.7
Short-term loans	**6.3**	8.9
Long-term loans	**8.5**	8.9
Finance lease obligations *(Note 22)*	**3.3**	3.6

21. BORROWINGS *(Continued)*

The maturities of long-term loans (excluding finance lease obligations *(Note 22)*) are as follows:

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Within one year	**3,992**	1,478
Between one and two years	**466**	1,478
Between two and five years	**—**	954
	4,458	3,910

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Singapore dollars	**217**	504
Malaysian ringgit	**4,908**	6,087
Hong Kong dollars	**2,500**	—
Sterling pound	**3**	—
	7,628	6,591

The carrying amounts of short-term borrowings approximate their fair values due to their short-term maturity.

21. BORROWINGS *(Continued)*

The carrying amounts and the fair values of long-term loans are as follows:

	Carrying amounts		Fair values	
	At 30 April 2005	At 31 December 2003	**At 30 April 2005**	At 31 December 2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Long-term loans, non-current portion	**466**	2,432	**458**	2,400

The fair values of long-term loans are calculated based on cash flows discounted using a rate based on the borrowing rate of approximately 8.5% (2003: 8.5%).

The bank borrowings of approximately HK$4,615,000 were secured by the Group's trademarks with a net book value of approximately HK$14,543,000 (2003: HK$15,992,000) and inventories, trade receivables and other assets with a net book value of HK$15,219,000 (2003: HK$21,527,000). These bank borrowings were covered by joint and several guarantees provided by a director of the Company, Mr. Chai Sing Hong and a former director of the Company, Ms. Chai Sing Fai.

22. FINANCE LEASE OBLIGATIONS

	At 30 April 2005 HK$'000	At 31 December 2003 HK$'000
Minimum lease payments due:		
Not later than one year	**405**	613
Later than one year and not later than five years	**176**	783
	581	1,396
Future finance charges on finance lease obligations	**(69)**	(179)
Present value of finance lease obligations	**512**	1,217

The present value of finance lease obligations is analysed as follows:

	At 30 April 2005 HK$'000	At 31 December 2003 HK$'000
Not later than one year	**356**	530
Later than one year and not later than five years	**156**	687
	512	1,217

The lease terms are ranged from three to five years with option to purchase at the end of the term and the lease liabilities are effectively secured by leased assets with a net book value of approximately HK$909,000 as the rights to the leased assets will revert to lessors in the event of default.

23. DEFERRED INCOME TAX ASSETS

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Deferred income tax assets to be recovered after more than 12 months	**277**	430

The movements in net deferred income tax assets are as follows:

	Tax loss	
	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
At beginning of the period/year	**430**	—
(Charge)/credit to the income statement	**(164)**	430
Exchange differences	**11**	—
At end of the period/year	**277**	430

24. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 December 2003 and 30 April 2005	1,000,000	10,000
Issued and fully paid:		
At 1 January 2003	720,500	7,205
Share capital eliminated upon a group reorganisation	(720,500)	(7,205)
Issue of shares upon capitalisation of share premium	157,800	1,578
Issue of shares upon initial public offering	42,200	422
At 31 December 2003 and 30 April 2005	200,000	2,000

25. RESERVES

(a) Group

	Share premium HK$'000	Special reserve HK$'000	Translation reserve HK$'000	Retained earnings/ accumulated deficit HK$'000	Total HK$'000
At 1 January 2003	—	—	(126)	(4,570)	(4,696)
Profit for the year	—	—	—	8,072	8,072
Share capital eliminated upon a group reorganisation	—	7,205	—	—	7,205
Issue of shares					
— conversion of convertible note	4,680	—	—	—	4,680
— capitalisation of share premium	(1,578)	—	—	—	(1,578)
— initial public offering	24,898	—	—	—	24,898
Share issue expenses	(9,572)	—	—	—	(9,572)
At 31 December 2003 and 1 January 2004	18,428	7,205	(126)	3,502	29,009
Loss for the period	—	—	—	(2,960)	(2,960)
Dividend paid	—	—	—	(2,000)	(2,000)
Shareholder contribution	—	818	—	—	818
Currency translation differences	—	—	486	—	486
Balance at 30 April 2005	**18,428**	**8,023**	**360**	**(1,458)**	**25,353**

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 a group reorganisation and the nominal value of the Company's shares issued for share exchange at the time of the group reorganisation.

Shareholder contribution represents amount reimbursed by a minority shareholder of the Company, who is also a director of the Company, for the exchange loss incurred by the Group upon settlement of payable for the acquisition of a trademark *(Note 29)*.

25. RESERVES *(Continued)*

(b) Company

	Share premium *HK$'000*	Accumulated deficit *HK$'000*	Total *HK$'000*
Balance at 1 January 2003	—	—	—
Loss for the year	—	(1,881)	(1,881)
Issue of shares			
— conversion of convertible note	4,680	—	4,680
— capitalisation of share premium	(1,578)	—	(1,578)
— initial public offering	24,898	—	24,898
Share issue expenses	(9,572)	—	(9,572)
Balance at 31 December 2003 and 1 January 2004	18,428	(1,881)	16,547
Loss for the period	—	(6,555)	(6,555)
Dividend paid	—	(2,000)	(2,000)
Balance at 30 April 2005	**18,428**	**(10,436)**	**7,992**

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation from operating (loss)/profit to cash (used in)/generated from operations

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
	HK$'000	*HK$'000*
(Loss)/profit before income tax	**(2,924)**	7,921
Adjustments for:		
Depreciation on plant and equipment	**1,112**	828
Amortisation on trademarks	**1,237**	919
Loss on disposal of plant and equipment	**5**	3
Interest expense	**975**	990
Decrease/(increase) in trade receivables	**7,661**	(8,039)
(Increase)/decrease in prepayments, deposits and other receivables	**(99)**	203
Decrease/(increase) in inventories	**317**	(3,146)
Decrease in trade payables	**(2,489)**	(904)
Decrease in accruals and other payables	**(2,143)**	(3,590)
Exchange loss on operating activities	**115**	—
Cash generated from/(used in) from operations	**3,767**	(4,815)

In the cash flow statement, proceeds from sales of plant and equipment comprise:

	1 January 2004 to 30 April 2005	1 January 2003 to 31 December 2003
	HK$'000	*HK$'000*
Net book amount *(Note 16)*	**217**	3
Loss on disposal of plant and equipment	**(5)**	(3)
Proceeds from sales of plant and equipment	**212**	—

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Cash and cash equivalents in the consolidated cash flow statement comprise:

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Bank balances and cash	**1,742**	1,979
Less: Bank overdraft *(Note 21)*	**(2,060)**	(1,464)
	(318)	515

27. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases for office premises as follows:

	At 30 April 2005	At 31 December 2003
	HK$'000	*HK$'000*
Not later than 1 year	**267**	1,387
Later than 1 year and not later than 5 years	**—**	27
	267	1,414

28. RETIREMENT BENEFIT SCHEMES

The Group has participated in various retirement and pension schemes covering their employees in Malaysia and Singapore under local practice and regulations which are essentially defined contribution schemes. Employees' and employer's contributions are based on various percentages of employees' gross salaries and/or age of employees. At 30 April 2005, contribution of HK$46,000 (2003: HK$69,654) due in respect of the reporting period had not been paid over to the schemes.

29. RELATED PARTY TRANSACTION

The following transaction was carried out with a related party during the period from 1 January 2004 to 30 April 2005:

Mr. Chai Sing Hong, a minority shareholder and a director of the Company, reimbursed an exchange loss of HK$818,000 incurred by the Group upon settlement of the payable for the acquisition of a trademark *(Note 25)*.

30. SUBSIDIARIES

	At 30 April 2005 *HK$'000*	At 31 December 2003 *HK$'000*
Unlisted shares, at cost	**1**	1
Amounts due from subsidiaries	**15,461**	18,324
	15,462	18,325

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms.

30. SUBSIDIARIES *(Continued)*

Particulars of the Company's subsidiaries, all of which are wholly-owned by the Company, as at 30 April 2005 were as follows:

Name of subsidiaries	Place of incorporation and kind of legal entity	Particulars of issued share capital	Principal activities and place of operation
Byford IGS Limited	British Virgin Islands, limited liability company	1 ordinary share of US$1	Non-active
Byford Marketing (M) Sdn. Bhd.	Malaysia, limited liability company	35,000 ordinary shares of RM100 each	Sale and distribution of men's innerwear, sock and apparel in Malaysia
Byford Marketing (S) Pte. Ltd.	Singapore, limited liability company	50,000 ordinary shares of S$10 each	Sale and distribution of men's innerwear, sock and apparel in Singapore
D Byford Holdings Limited	British Virgin Islands, limited liability company	14,100 ordinary shares of US$0.01 each	Investment holding
D Byford Limited	British Virgin Islands, limited liability company	1 ordinary share of US$1	Investment holding
Donald Byford & Sons Limited	England and Wales, limited liability company	10 ordinary shares of £1 each	Trademark agent in United Kingdom
Donald Byford & Sons Pte. Ltd.	Singapore, limited liability company	2 ordinary shares of S$1 each	Trademark agent in Singapore
Donald Byford & Sons Sdn. Bhd.	Malaysia, limited liability company	2,440,000 ordinary shares of RM1 each	Holding of trademarks in Malaysia

30. SUBSIDIARIES *(Continued)*

The shares of D Byford Holdings Limited are held directly by the Company. The shares of other subsidiaries are held indirectly.

None of the subsidiaries had any debt securities subsisting at the end of the period or at any time during the period.

31. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

32. EVENT AFTER THE BALANCE SHEET DATE

In June 2005, a subsidiary of the Company entered into an agreement with an independent third party to dispose of its 100% interest in Byford Marketing (M) Sdn. Bhd. for an initial consideration of RM6,328,288 (approximately HK$12,955,000) (subject to adjustment as set out in the Company's announcement dated 17 June 2005), resulting in an estimated gain of approximately HK$760,000.

33. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The directors regard Pacific Genius Group Limited, a company incorporated in the British Virgin Islands, as being the immediate holding company.

The directors regard Roly International Holdings Ltd., a company incorporated in Bermuda and listed on the Main Board of the Singapore Exchange Securities Trading Limited, as being the ultimate holding company.

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the board of directors on 27 June 2005.

Summary of the Published Results and of the Assets and Liabilities of the Group for the Last Four Financial Years/Period

RESULTS

	Year ended 31 December 2001 *HK$'000*	Year ended 31 December 2002 *HK$'000*	Year ended 31 December 2003 *HK$'000*	**1 January 2004 to 30 April 2005** ***HK$'000***
Turnover	47,057	45,672	51,689	**63,147**
Cost of sales	(30,174)	(28,087)	(25,487)	**(35,099)**
Gross profit	16,883	17,585	26,202	**28,048**
Other operating income	624	617	556	**626**
Selling and distribution costs	(5,046)	(4,815)	(5,987)	**(9,315)**
General and administrative expenses	(11,326)	(11,084)	(11,860)	**(21,308)**
Operating (loss)/profit	1,135	2,303	8,911	**(1,949)**
Finance costs	(1,454)	(1,547)	(990)	**(975)**
(Loss)/profit before income tax	(319)	756	7,921	**(2,924)**
Income tax (expenses)/credit	(470)	(363)	151	**(36)**
(Loss)/profit for the year/period	(789)	393	8,072	**(2,960)**
Dividend	—	—	2,000	**—**
(Loss)/earnings per share *(HK cents)*				
Basic	(0.5)	0.3	4.4	**(1.5)**
Diluted	N/A	N/A	4.4	**(1.5)**

Summary of the Published Results and of the Assets and Liabilities of the Group for the Last Four Financial Years/Period

ASSETS AND LIABILITIES

	Year ended 31 December 2001 *HK$'000*	Year ended 31 December 2002 *HK$'000*	Year ended 31 December 2003 *HK$'000*	**Year ended 30 April 2005** ***HK$'000***
Total assets	40,898	37,604	49,946	**42,359**
Total liabilities	(44,895)	(35,095)	(18,937)	**(15,006)**
Net assets/(liabilities)	(3,997)	2,509	31,009	**27,353**