
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Byford International Limited, you should at once hand this document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Limited take no responsibility for the contents of this document and the Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document and the Form of Acceptance.

Byford
L O N D O N

Upper Run Investments Limited

*(Incorporated in the British Virgin Islands
with limited liability)*

Byford International Limited

百富國際有限公司*

*(Incorporated in the Cayman Islands
with limited liability)
(Stock Code: 8272)*

Composite offer document relating to (a) Mandatory unconditional general offer by



結好投資有限公司
GET NICE INVESTMENT LTD

on behalf of

Upper Run Investments Limited

for all the issued shares of HK\$0.01 each in Byford International Limited
(other than those Shares already owned by Upper Run Investments Limited
and parties acting in concert with it);

(b) Special deal and discloseable and connected transaction in relation to
the entering into of the Trade Mark Disposal Agreement; and

(c) Notice of EGM

Financial adviser to Upper Run Investments Limited

VEDA | CAPITAL
智略資本

Independent financial adviser to the Independent Board Committee



博大資本國際有限公司
Partners Capital International Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this document.

A letter from the Board is set out on pages 6 to 16 of this document.

A letter from Get Nice containing, among other things, the details of the terms of the Offer is set out on pages 17 to 21 of this document.

A letter from the Independent Board Committee is set out on pages 22 and 23 of this document.

A letter of advice from Partners Capital containing its advice to the Independent Board Committee in connection with the Offer and the Trade Mark Disposal Agreement is set out on pages 24 to 46 of this document.

The procedures for acceptance and settlement of the Offer are set out from pages 47 to 52 in Appendix I to this document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 7 September 2007 or such later time and/or date as Upper Run may determine and announce in accordance with the Takeovers Code.

A notice convening the EGM to be held at Suites 401-409, Jardine House, 1 Connaught Place, Central, Hong Kong at 3:00 p.m. on 3 September 2007 is set out on pages 101 and 102 of this document. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

This document will be available for inspection on the website specially set up for the purpose of the Offer at www.hklistco.com/8272, the website of the Company at www.donaldbyford.com and on the GEM website of the Stock Exchange at www.hkgem.com as long as the Offer remains open.

* For identification purpose only

17 August 2007

CHARACTERISTICS OF GEM

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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EXPECTED TIMETABLE

2007

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| Commencement of the Offer | Friday, 17 August |
| EGM | 3:00 p.m. on Monday, 3 September |
| Latest time and date for acceptance of the Offer (<i>Note 1</i>) | 4:00 p.m. Friday, 7 September |
| Closing date of the Offer (<i>Note 1</i>) | Friday, 7 September |
| Posting of announcement on the GEM website regarding results of the Offer (<i>Note 1</i>) | By 7:00 p.m. Friday, 7 September |
| Latest date for posting of remittances for the amount due in respect of valid acceptances tendered under the Offer on or before the latest time for acceptance (<i>Note 2</i>) | Monday, 17 September |

Notes:

1. The Offer will remain open for acceptance until 4:00 p.m. on Friday, 7 September 2007 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be posted on the GEM website by 7:00 p.m. on Friday, 7 September 2007 stating the results of the Offer and whether the Offer has been revised or extended or in relation to any extension of the Offer, to state also either the next closing date or that the Offer will remain in open until further notice. In the event that the Offeror decides that the Offer will remain open until further notice, at least 14 days' notice in writing will be given, before the Offer is closed, to those Shareholders who have not accepted the Offer. If in the course of the Offer, the Offeror revises its terms, all the Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the first closing date of the Offer. The Offeror has no current intention to revise or extend the Offer.
2. The consideration payable for the Offer Shares tendered under the Offer will be paid as soon as possible but in any event within 10 days after the receipt by the Registrar of all the valid requisite documents from the accepting Shareholders.
3. Acceptance of the Offer shall be irrevocable and incapable of being withdrawn, except in the circumstances to the effect that if the Offeror is unable to comply with any of the requirements of making announcements under Rule 19 of the Takeovers Code relating to the Offer, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements are met.

All time and date references contained in this document refer to Hong Kong local time and dates.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings.

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| “acting in concert” | has the meaning ascribed to it under the Takeovers Code |
| “Announcement” | the announcement dated 27 July 2007 jointly made by the Offeror and the Company containing, among other matters, details of the Offer |
| “associates” | has the meaning as ascribed to it in the GEM Listing Rules |
| “Board” | the board of Directors |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Company” | Byford International Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM |
| “Completion” | the completion of the sale and purchase of an aggregate of 149,254,990 Shares in accordance with the terms and conditions of S&P Agreements |
| “Completion Date” | 20 July 2007, being the date of Completion |
| “Director(s)” | the director(s) of the Company |
| “EGM” | an extraordinary general meeting of the Company to be convened to seek the Trade Mark Independent Shareholders’ approval in respect of the entering into of the Trade Mark Disposal Agreement by the Company, the notice of which is set out on pages 101 and 102 of this document |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any of his delegates for the time being |
| “Form of Acceptance” | the accompanying form of acceptance and transfer in respect of the Offer |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |

DEFINITIONS

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| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Get Nice” | Get Nice Investment Limited, a licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 regulated activities (dealing in securities, advising on securities, advising on corporate finance and asset management respectively) |
| “Group” | the Company and its subsidiaries |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the committee of the Board, comprising the three independent non-executive Directors, Mr. Chow Chi Kiong, Mr. Yue Kwai Wa, Ken and Mr. Liew Swee Yean, Ivan, constituted to advise the Offer Independent Shareholders in connection with the Offer and the Trade Mark Independent Shareholders in connection with the Trade Mark Disposal Agreement |
| “Last Trading Day” | Monday, 16 July 2007, being the last trading day of the Shares prior to the release of the Announcement |
| “Latest Practicable Date” | 14 August 2007, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information for inclusion in this document, unless otherwise stated |
| “Mr. Abdul Daim” | Mr. Md Wira Dani Bin Abdul Daim, a non-executive Director and the vendor of the S&P Agreement III |
| “Mr. Chai” | Mr. Chai Sing Hong, a former executive Director (who passed away on 8 August 2007 as announced by the Company on 13 August 2007), the vendor of the S&P Agreement II |
| “Ms. Chan” | Ms. Chan Yuen Fan, Winky, the sole shareholder and sole director of the Offeror |

DEFINITIONS

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| “Offer” | the mandatory unconditional cash offer made by Get Nice, on behalf of the Offeror, to acquire all the issued Shares (other than those Shares already owned by the Offeror and parties acting in concert with it) pursuant to this document and the Form of Acceptance |
| “Offer Independent Shareholders” | Shareholders whose Shares are subject to the Offer and exclude the Vendors, their respective associates, the Offeror and parties acting in concert with any of them |
| “Offer Period” | the period from Friday, 27 July 2007, being the date of the Announcement, until the close of the Offer |
| “Offer Share(s)” | issued Share(s) other than those already owned by the Offeror and parties acting in concert with it |
| “Offeror” or “Upper Run” | Upper Run Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Ms. Chan |
| “Overseas Shareholders” | Shareholders whose addresses on the register of members of the Company are outside Hong Kong |
| “Partners Capital” | Partners Capital International Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offer and the Trade Mark Disposal Agreement |
| “PGGL” | Pacific Genius Group Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Roly |
| “PRC” | the People’s Republic of China, which for the purpose of this document shall exclude Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Registrar” | Tricor Standard Limited, being the Hong Kong branch share registrar and transfer office of the Company which is located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong |

DEFINITIONS

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| “Relevant Period” | the period between 27 January 2007, being the date falling on the six months before the date of the Announcement, and the Latest Practicable Date (both dates inclusive) |
| “Roly” | Roly International Holdings Ltd., a company which holds 100% interest in PGGL and is held as to approximately 94.4% by RI Special Holdings Bermuda Limited. RI Special Holdings Bermuda Limited is wholly owned by RI Holdings Bermuda Limited. RI Holdings Bermuda Limited is held by as to approximately 92.0% by RI Investment Holdings Bermuda Limited. RI Investment Holdings Bermuda Limited is held as to 49.9% by RI Investment Holdings, Ltd. and as to 50.1% by Megastar Holdings Limited respectively. Megastar Holdings Limited is wholly owned by Mr. Wang Lu Yen, an executive Director and the chairman of the Company. RI Investment Holdings, Ltd. is wholly owned by Asia Pacific Growth Fund V., L.P. which is a limited partnership with Asia Pacific Associates V., L.P. as its general partner which is in control of the limited partnership |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholders” | holders of the Shares |
| “S&P Agreement I” | the agreement for sale and purchase of 134,709,990 Shares entered into between PGGL and the Offeror dated 20 July 2007 |
| “S&P Agreement II” | the agreement for sale and purchase of 12,045,000 Shares entered into between Mr. Chai and the Offeror dated 20 July 2007 |
| “S&P Agreement III” | the agreement for sale and purchase of 2,500,000 Shares entered into between Mr. Abdul Daim and the Offeror dated 20 July 2007 |

DEFINITIONS

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| “S&P Agreements” | collectively, S&P Agreement I, S&P Agreement II and S&P Agreement III |
| “Special Dividend” | the special dividend in the aggregate sum of HK\$10,000,000 which shall be distributed and paid (subject to compliance with all applicable laws and regulations) to the Shareholders as contemplated under the terms of the S&P Agreement I |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Trade Mark Disposal Agreement” | the agreement for sale and purchase of the Trade Marks entered into between the Company and Wonderful World dated 20 July 2007 |
| “Trade Mark Independent Shareholders” | Shareholders who are not involved in or interested in the Trade Mark Disposal Agreement and excluding Mr. Chai, Mr. Abdul Daim, PGGL, their respective associates, the Offeror and parties acting in concert with any of them |
| “Trade Marks” | various “ <i>Baby-Q</i> ” and related trademarks legally and beneficially owned by certain wholly owned subsidiaries of the Company |
| “Veda Capital” | Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, the financial adviser to the Offeror in respect of the Offer |
| “Vendors” | PGGL under S&P Agreement I, Mr. Chai under S&P Agreement II and Mr. Abdul Daim under S&P Agreement III |
| “Wonderful World” | Wonderful World (HK) Limited, incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of Roly |
| “HK\$” and “cents” | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| “%” | per cent. |

LETTER FROM THE BOARD



BYFORD INTERNATIONAL LIMITED

百富國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8272)

Executive Directors:

Wang Lu Yen (*Chairman*)

Norman Janelle (*Chief Executive Officer*)

Lin Jui Hsien, Jacob

Non-executive Director:

Md Wira Dani Bin Abdul Daim

Independent non-executive Directors:

Chow Chi Kiong

Yue Kwai Wa, Ken

Liew Swee Yean, Ivan

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Suites 401- 409

Jardine House

1 Connaught Place

Central

Hong Kong

17 August 2007

To the Offer Independent Shareholders and the Trade Mark Independent Shareholders

Dear Sir or Madam,

Mandatory unconditional general offer by

Get Nice Investment Limited on behalf of

Upper Run Investments Limited

**for all the issued shares of HK\$0.01 each in Byford International Limited
(other than those Shares already owned by Upper Run Investments Limited
and parties acting in concert with it)**

and

**Special deal and discloseable and connected transaction in relation to
the entering into of the Trade Mark Disposal Agreement**

INTRODUCTION

Reference is made to the Announcement.

* For identification purposes only

LETTER FROM THE BOARD

As stated in the Announcement, pursuant to the S&P Agreements, the Offeror acquired an aggregate of 149,254,990 Shares, representing 74.63% of the issued share capital of the Company as at the date of the S&P Agreements, on 20 July 2007. Accordingly, the Offeror and parties acting in concert with it are required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional offer for all the issued Shares not already owned by it and parties acting in concert with it. Details of the Offer are set out in the “Letter from Get Nice” of this document, Appendix I to this document and the accompanying Form of Acceptance.

As also stated in the Announcement, pursuant to the Trade Mark Disposal Agreement, the Company has conditionally agreed to procure its wholly owned subsidiaries to sell and Wonderful World has conditionally agreed to purchase the Trade Marks. The entering into of the Trade Mark Disposal Agreement constitutes a special deal under Rule 25 of the Takeovers Code, and therefore requires the consent of the Executive and such consent, if granted, will be conditional upon the approval of the Trade Mark Independent Shareholders voting by way of a poll at the EGM. The EGM will be convened to approve, amongst other things, the entering into of the Trade Mark Disposal Agreement. The entering into of the Trade Mark Disposal Agreement also constitutes a discloseable and connected transaction for the Company pursuant to the GEM Listing Rules. The GEM Listing Rules and the Takeovers Code implications on such transaction are more particularly described in the paragraph headed “Trade Mark Disposal Agreement” in this letter below.

The Independent Board Committee, comprising the three independent non-executive Directors, namely Mr. Chow Chi Kiong, Mr. Yue Kwai Wa, Ken and Mr. Liew Swee Yean, Ivan, who have no involvement and no direct or indirect interest in the Offer, the Trade Mark Disposal Agreement and the S&P Agreements, has been formed to advise the Offer Independent Shareholders in respect of the Offer and the Trade Mark Independent Shareholders in connection with the Trade Mark Disposal Agreement. Mr. Abdul Daim, a non-executive Director, being one of the Vendors, is considered not sufficiently independent to become a member of the Independent Board Committee.

Partners Capital has been appointed as the independent financial adviser to advise the Independent Board Committee as to (1) whether or not the Offer is fair and reasonable so far as the Offer Independent Shareholders are concerned and as to the action to be taken by them; and (2) the fairness and reasonableness of the terms of the Trade Mark Disposal Agreement. The appointment of Partners Capital as the independent financial adviser has been approved by the Independent Board Committee.

The primary purpose of this document is to provide you with information relating to, among other matters, the Offeror, the Group, the Offer, and the Trade Mark Disposal Agreement and to set out the reasons for the recommendation of the Independent Board Committee and the advice of Partners Capital, in each case, regarding the Offer and the Trade Mark Disposal Agreement.

LETTER FROM THE BOARD

CHANGE IN CONTROLLING SHAREHOLDER AND THE OFFER

As stated in the Announcement, pursuant to the S&P Agreements, the Offeror acquired 149,254,990 Shares, representing 74.63% of the issued share capital of the Company as at the date of the S&P Agreements, on 20 July 2007. Upon completion of the S&P Agreements on 20 July 2007, the Offeror became the controlling Shareholder.

Under Rule 26.1 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make a mandatory unconditional general offer for all the issued Shares not already owned by it and parties acting in concert with it. Get Nice, on behalf of the Offeror, is making the Offer to the Offer Independent Shareholders to acquire all of their respective Shares pursuant to the terms and conditions as set out in this document and the Form of Acceptance.

(1) Principal terms of the Offer

The Offer is made by Get Nice, unconditionally on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

for each Offer Share HK\$0.68 in cash

(2) Condition of the Offer

The Offer is unconditional.

(3) Comparisons of value

The price of HK\$0.68 for each Offer Share equals to the aggregate of the price paid by the Offeror for each Sale Share under the S&P Agreements and the Special Dividend of HK\$0.05 per Share as more particularly described in the paragraph headed "Special Dividend" in this letter below. The price of HK\$0.68 per Offer Share represents:

- (a) a discount of approximately 31.31% to the closing price of HK\$0.99 per Share as quoted by the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 10.03% over the average closing price of HK\$0.6180 per Share for the 5 consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 22.85% over the average closing price of HK\$0.5535 per Share for the 10 consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (d) a premium of approximately 31.22% over the average closing price of approximately HK\$0.5182 per Share for the 30 consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 88.94% to the closing price of HK\$6.15 per Share on the Latest Practicable Date; and
- (f) a premium of approximately 365.43% over the audited consolidated net asset value per Share of approximately HK\$0.1461 per Share as at 30 April 2007 based on the audited accounts of the Company for the financial year ended 30 April 2007.

(4) Total consideration

As at the Latest Practicable Date, there were 200,000,000 Shares in issue. Based on the offer price of HK\$0.68 per Offer Share, the entire issued share capital of the Company is valued at HK\$136,000,000 and the 50,745,010 Offer Shares under the Offer are valued at HK\$34,506,606.80.

Veda Capital and Get Nice are satisfied that there are sufficient financial resources available to the Offeror to meet the full acceptance of the Offer in the amount of HK\$34,506,606.80.

(5) Effect of accepting the Offer

By accepting the Offer, the accepting Shareholders will sell their Shares and all rights attached to them to the Offeror and will not be entitled to receive the Special Dividend (if any).

(6) Settlement of the consideration

Stamp duty at a rate of HK\$1 for every HK\$1,000 (or part thereof) of the amount payable in respect of relevant acceptances will be deducted from the amount payable to the Shareholders who accept the Offer. The Offeror will then pay such stamp duty to the Stamp Office of the Inland Revenue Department of Hong Kong.

The amounts due to the Shareholders who accept the Offer should be paid by the Offeror to the Shareholders as soon as possible but in any event within 10 days of the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

Further details of the Offer including, among other things, the terms and conditions of the Offer and the procedures for acceptance are set out in the "Letter from Get Nice" of this document, Appendix I to this document and the Form of Acceptance respectively.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR AND INTENTIONS IN RELATION TO THE COMPANY

Your attention is drawn to the paragraph headed “Information on the Offeror and its intention regarding the Group” in the “Letter from Get Nice” of this document.

The Board is pleased to learn that it is the intention of the Offeror to continue the existing business of the Group.

INFORMATION ON THE COMPANY

(1) General information about the Company

The Company, incorporated in the Cayman Islands with limited liability, is an investment holding company and its issued Shares are listed on GEM. The Group, prior to the disposal of its wholly owned subsidiary as announced in the announcement of the Company dated 22 June 2007, was principally engaged in sourcing, sales and distribution of men’s innerwear, socks and apparel under the “Byford” brandname and licensing business. The Group no longer has any sales and distribution of men’s innerwear, socks and apparel operation immediately after such disposal. Such disposal is in line with the primary strategic objective of the Group to continually improve the “Byford” brand’s equity which basically involves the enhancement of the brand’s image amongst its core consumers and to develop such brand into a lifestyle brand.

It is the intention of the Group to expand, through its licensing business, the product range, first, into men’s outerwear. The launch of men’s outerwear in the markets of the PRC, Hong Kong and Macau Special Administrative Region of the PRC is planned to take place shortly. Once this line extension is in place, the next step will be to expand the product range, through the licensing business of the Group, to accessories and other products and to apply the men’s outerwear line extension program to other selected markets.

While the Group no longer has any sales and distribution of men’s innerwear, socks and apparel operations, the Group continues to be engaged in the brand management and licensing business, and should the opportunities arise other related businesses. Currently, there has been no particular investment opportunities identified by the Group.

It is expected that after completion of the disposal of the Trade Marks (as more particularly described in the paragraph headed “Trade Mark Disposal Agreement” in this letter below), the Group will be able to save costs in managing such brand name which relates to the non-core business of the Group and the Group, as stated above, will principally be engaged in the “Byford” brand management and licensing business.

The audited consolidated loss attributable to equity holders of the Company for the years ended 30 April 2006 and 30 April 2007 were approximately HK\$600,000 and HK\$151,000 respectively. The audited consolidated net asset value as at 30 April 2006 and 30 April 2007 were approximately HK\$27.7 million and HK\$29.2 million respectively.

Further financial information on the Group is set out in Appendix II to this document.

LETTER FROM THE BOARD

As at the Latest Practicable Date, approximately 25.37% of the Shares were held by the public.

(2) Share option scheme

Pursuant to the written resolutions of the Shareholders passed on 10 June 2003, among other matters, a share option scheme was adopted by the Company. Up to the Latest Practicable Date, no option has been granted under such scheme since its adoption.

Other than the Shares, the Company does not have any other outstanding equity securities (including equity related convertible securities, warrants, options or subscription rights in respect of any equity share capital of the Company (including non-transferable options)).

(3) Other arrangements and agreements in relation to the Shares

Other than the proposed distribution of the Special Dividend in respect of the 134,709,990 Shares to PGGL at the direction of the Offeror, there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Offer.

SPECIAL DIVIDEND

Under the terms of the S&P Agreement I, within three months after completion of such agreement, PGGL and the Offeror shall jointly procure that subject to compliance with all applicable laws and regulations and the constitutional documents of the Company, a sum of HK\$10,000,000 (equivalent to HK\$0.05 per Share) shall be distributed and paid as Special Dividend to the Shareholders whose names appear on the register of members of the Company on the date falling 30 days from the date of such declaration, which is expected to be in around September or October 2007.

The Offeror also agreed with PGGL that it should, forthwith following the declaration of the Special Dividend, irrevocably and unconditionally direct the Company to pay PGGL a sum of HK\$6,735,499.50, being the proportionate entitlements of the 134,709,990 Shares to the Special Dividend. The Special Dividend will be distributed to all Shareholders whose names will appear on the record date (expected to be in around September or October 2007) for such distribution and the payment of the proportionate entitlements of the 134,709,990 Shares to the Special Dividend by the Company to PGGL at the direction of the Offeror is an arrangement between PGGL and the Offeror.

According to the existing articles of association of the Company, dividends may be declared and paid out of the share premium account with the sanction of an ordinary resolution at a general meeting. To allow flexibility to the Company to declare and pay dividends out of the share premium account of the Company and to facilitate the proposed arrangement in relation to the declaration of the Special Dividend, a special resolution will be proposed at the forthcoming annual general meeting of the Company to amend the relevant provision of the articles of association of the Company. The Offeror shall use its best endeavours to procure the passing of such resolution.

LETTER FROM THE BOARD

It is intended that the Special Dividend will be declared and paid after the close of the Offer.

Mr. Abdul Daim and the Offer Independent Shareholders accepting the Offer, who no longer hold any Shares on the record date for the Special Dividend, will not be entitled to the Special Dividend (if any).

Given the fact that the Offer price has reflected the payment of the Special Dividend of HK\$0.05 per Share, the distribution of the Special Dividend in respect of the 134,709,990 Shares to PGGL at the direction of the Offeror pursuant to the terms of the S&P Agreement I does not constitute a special deal under Rule 25 of the Takeovers Code.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Company. The Offeror intends to maintain the listing of the Shares on GEM after Completion and the close of the Offer. The Company, the Directors to be appointed by the Offeror and the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Shares will be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the Shares; or**
- (ii) there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend trading in the Shares. In this connection, it should be noted that upon completion of the Offer, there may be insufficient public float for the Shares and therefore, trading in the Shares may be suspended until a prescribed level of public float is attained.

TRADE MARK DISPOSAL AGREEMENT

Date: 20 July 2007

Vendor: The Company

Purchaser: Wonderful World, a wholly owned subsidiary of Roly

Wonderful World is principally engaged in corporate administration.

LETTER FROM THE BOARD

| | |
|--|--|
| Details of the Trade Marks and subject matter: | Various “ <i>Baby-Q</i> ” and related trademarks registered in the PRC, CTM, Hong Kong, Ireland, Malaysia, Singapore, Taiwan, Thailand, United Kingdom and United Arab Emirates. The Company agreed to procure its relevant wholly owned subsidiaries that are the owners of the relevant Trade Marks to sell and Wonderful World agreed to purchase the Trade Marks subject to and upon the terms and conditions of the Trade Mark Disposal Agreement. |
| Consideration: | HK\$4,200,000, shall be payable by Wonderful World upon completion of the Trade Mark Disposal Agreement. The consideration was determined with reference to the audited book value of the Trade Marks as at 30 April 2007, with a premium. |
| Condition: | Completion of the Trade Mark Disposal Agreement is conditional upon consent being obtained from the SFC for the Trade Mark Disposal Agreement, as the SFC may request and as required under Rule 25 of the Takeovers Code and approval being obtained from the Trade Mark Independent Shareholders. |
| Completion: | No later than 30 October 2007 (or such later date as the parties may agree). |

Information of the Trade Marks

As at 30 April 2007, the audited book value of the Trade Marks was approximately HK\$3,130,000. It is expected that, without taking into account the expenses which would be incurred in relation to such disposal, the Group will record a book gain of approximately HK\$1,070,000 upon completion of the Trade Mark Disposal Agreement which represents the difference between the consideration of the Trade Mark Disposal Agreement (being approximately HK\$4,200,000) and the book value of the Trade Marks (being approximately HK\$3,130,000 as at 30 April 2007). The premium of HK\$1,070,000 was arrived at after arms length negotiations between the Company and Wonderful World. The gross profit for the operation of the Trade Marks for the two years ended 30 April 2006 and 2007 were approximately HK\$249,000 and HK\$450,000 respectively.

Upon completion of the Trade Mark Disposal Agreement, the total assets of the Group are expected to be increased by approximately HK\$1,070,000 while the total liabilities of the Group are not expected to undergo any significant changes.

Use of proceeds

The Company intends to use the net proceeds from the disposal of the Trade Marks as general working capital.

LETTER FROM THE BOARD

Reasons for the entering into of the Trade Mark Disposal Agreement

The Directors consider that the Trade Marks to be disposed of by the Company are relating to the Group's non-core business of baby and children products. Currently, "Baby-Q" and the related trademarks are licensed to a wholly owned subsidiary of Roly. By disposing of the Trade Marks, the Group can save costs on managing the relevant brandnames and concentrate on the brand management and licensing business of the "Byford" brandname. The Directors (including the independent non-executive Directors, having taken into account the advice of Partners Capital) consider that the terms of the Trade Mark Disposal Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Special deal, discloseable and connected transaction

The entering into of the Trade Mark Disposal Agreement constitutes a special deal under Rule 25 of the Takeovers Code, and therefore requires the consent of the Executive and such consent, if granted, will be conditional upon the approval of the Trade Mark Independent Shareholders voting by way of a poll at the EGM. The Offeror and parties acting in concert with it will abstain from voting on the resolution in respect of the entering into of the Trade Mark Disposal Agreement.

The entering into of the Trade Mark Disposal Agreement also constitutes a discloseable transaction for the Company. Given that Mr. Wang Lu Yen, an executive Director and the chairman of the Company, is the controlling shareholder of the ultimate holding company of Wonderful World, the entering into of the Trade Mark Disposal Agreement also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The assets ratio (within the meaning of the GEM Listing Rules) applicable to the Trade Mark Disposal Agreement is more than 5% and each of the applicable percentage ratios is less than 25% and the consideration of the Trade Mark Disposal Agreement is less than HK\$10,000,000. On such basis, the entering into of the Trade Mark Disposal Agreement is exempt from the independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

Notwithstanding the requirements under the GEM Listing Rules, as stated above, the entering into of the Trade Mark Agreement is required to be approved by the Trade Mark Independent Shareholders as a special deal pursuant to Rule 25 of the Takeovers Code. Should the consent from the Executive on the Trade Mark Disposal Agreement and/or the approval from the Trade Mark Independent Shareholders on the Trade Mark Disposal Agreement is/are not obtained, the Trade Mark Disposal Agreement shall lapse accordingly.

EGM

The Company will convene the EGM at 3:00 p.m. on Monday, 3 September 2007 at Suites 401-409, Jardine House, 1 Connaught Place, Central, Hong Kong to consider the disposal of the Trade Marks under the Trade Mark Disposal Agreement. A notice of the EGM is set out in this document.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish.

PROCEDURES TO DEMAND FOR A POLL AT GENERAL MEETINGS

Pursuant to Article 66 of the articles of association of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATIONS

Your attention is drawn to the "Letter from the Independent Board Committee" on pages 22 to 23 of this document which sets out its recommendation to you. Your attention is also drawn to the letter of advice from Partners Capital which contains, among other matters, its advice to the Independent Board Committee in relation to the Offer, the Trade Mark Disposal Agreement and the principal factors considered by it in arriving at its recommendation. The "Letter from Partners Capital" is set out on pages 24 to 46 of this document.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of Partners Capital, considers that the disposal of the Trade Marks under the Trade Mark Disposal Agreement is on normal commercial terms and in the best interests of the Company and the Trade Mark Independent Shareholders as a whole. The Independent Board Committee also considers that the terms of the Trade Mark Disposal Agreement are fair and reasonable so far as the Trade Mark Independent Shareholders are concerned and recommend the Trade Mark Independent Shareholders to vote in favour of the ordinary resolution approving the Trade Mark Disposal Agreement at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from Get Nice” as set out on pages 17 to 21 of this document which contains further details of the Offer.

You are recommended to read this document and the Form of Acceptance for details of the Offer. Your attention is also drawn to the information set out in the Appendices to this document.

In considering what action to take in connection with the Offer, you should consider your own tax positions and, if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
Byford International Limited
Wang Lu Yen
Chairman and Executive Director

LETTER FROM GET NICE



10th Floor, Cosco Tower
183 Queen's Road Central, Hong Kong

17 August 2007

To the Offer Independent Shareholders

Dear Sir or Madam,

**Mandatory unconditional general offer by Get Nice Investment Limited
on behalf of Upper Run Investments Limited
for all the issued shares of HK\$0.01 each in Byford International Limited
(other than those Shares already owned by Upper Run Investments Limited
and parties acting in concert with it)**

INTRODUCTION

On 20 July 2007, Upper Run, being the Offeror, entered into the S&P Agreements with the Vendors, pursuant to which the Offeror agreed to purchase and the Vendors agreed to sell an aggregate of 149,254,990 Shares for a total consideration of HK\$94,030,643.70 (equivalent to HK\$0.63 per Share). The Shares acquired under the S&P Agreements represent approximately 74.63% of the issued share capital of the Company as at the Latest Practicable Date. The S&P Agreements were completed on 20 July 2007.

Immediately following the Completion, the Offeror and parties acting in concert with it owned in aggregate of 149,254,990 Shares, representing approximately 74.63% of the then issued share capital of the Company. Accordingly, the Offeror and parties acting in concert with it are required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional general offer for all the issued Shares not already owned by the Offeror and parties acting in concert with it.

MANDATORY UNCONDITIONAL GENERAL OFFER

Principal terms of the Offer

Get Nice, on behalf of the Offeror, makes the Offer in compliance with the Takeovers Code on the following basis:

for each Offer ShareHK\$0.68 in cash

LETTER FROM GET NICE

Condition of the Offer

The Offer is unconditional.

Comparisons of value

The price of HK\$0.68 for each Offer Share equals to the aggregate of the price paid by the Offeror for each Sale Share under the S&P Agreements and the Special Dividend of HK\$0.05 per Share as more particularly described in the paragraph headed "Special Dividend" in the "Letter from the Board" as set out in this document. The price of HK\$0.68 per Offer Share represents:

- (a) a discount of approximately 31.31% to the closing price of HK\$0.99 per Share as quoted by the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 10.03% over the average closing price of HK\$0.6180 per Share for the 5 consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 22.85% over the average closing price of HK\$0.5535 per Share for the 10 consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 31.22% over the average closing price of approximately HK\$0.5182 per Share for the 30 consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 88.94% to the closing price of HK\$6.15 per Share on the Latest Practicable Date; and
- (f) a premium of approximately 365.43% over the audited consolidated net asset value per Share of approximately HK\$0.1461 per Share as at 30 April 2007 based on the audited accounts of the Company for the financial year ended 30 April 2007.

Total consideration

As at the Latest Practicable Date, there are 200,000,000 Shares in issue. Based on the offer price of HK\$0.68 per Offer Share, the entire issued share capital of the Company is valued at HK\$136,000,000 and the 50,745,010 Offer Shares under the Offer are valued at HK\$34,506,606.80.

The Offer will be financed as to HK\$33 million by a loan facility granted to the Offeror by Get Nice and as to the balance by the internal financial resources of the Offeror and parties acting in concert with it. The payment of interest on, repayment of or security for any liability under the facility granted by Get Nice will not depend on the business of the Company. Veda Capital and Get Nice are satisfied that there are sufficient financial resources available to the Offeror to meet full acceptance of the Offer in the amount of HK\$34,506,606.80.

LETTER FROM GET NICE

Save for the undertaking of the Offeror to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Shares will be held by the public at all times, there is no agreement to, arrangement for or understanding of any transfer, charge or pledge of the Shares acquired in pursuance of the Offer to any other persons by the Offeror.

Effect of accepting the Offer

By accepting the Offer, the accepting Shareholders will sell their Shares and all rights attached to them to the Offeror and will not be entitled to receive the Special Dividend (if any).

Stamp Duty

Stamp duty arising in connection with acceptance of the Offer amounting to HK\$1 for every HK\$1,000 (or part thereof) of the amount payable in respect of the relevant acceptances by the Shareholders, or the market value of the Shares, whichever is greater, will be deducted from the amount payable to the Shareholders who accept the Offer. The Offeror will then pay such stamp duty deducted to the Stamp Office of the Inland Revenue Department of Hong Kong.

The amounts due to the Shareholders who accept the Offer should be paid by the Offeror to the Shareholders as soon as possible but in any event within 10 days of the date of receipt of a duly completed and valid Form of Acceptance in accordance with the Takeovers Code.

Dealing in Shares

Save for the S&P Agreements, there had been no dealings in the Shares by the Offeror and parties acting in concert with it during the six-month period prior to the date of the Announcement and up to the Latest Practicable Date.

Compulsory acquisition

The Offeror and parties acting in concert with it do not intend to exercise any right which may be available to it to acquire compulsorily any outstanding issued Shares not acquired under the Offer after it is closed.

INFORMATION ON THE OFFEROR AND ITS INTENTION REGARDING THE GROUP

The Offeror is a private investment holding company incorporated in the British Virgin Islands and has not been engaged in any business save for holding of the 149,254,990 Shares since its incorporation. The entire issued share capital of the Offeror is wholly and beneficially owned by Ms. Chan who is also the sole director of the Offeror. Ms. Chan, aged 43, has over 20 years of extensive experience in trading and managing garment business and had previously owned a garment factory. Ms. Chan does not hold any directorship in listed companies in Hong Kong.

LETTER FROM GET NICE

It is the intention of the Offeror that the existing principal activities of the Group will remain unchanged and the Offeror has no intention to make any material changes to the employees or management of the Group, save for the proposed change of the Board as stated in the paragraph headed “Directors and management” below, or to dispose of any material assets or businesses of the Group other than entering into of the Trade Mark Disposal Agreement and in its ordinary course of business and has no intention to inject any material assets or businesses into the Group as at the Latest Practicable Date. It is expected that the background and experience of Ms. Chan in trading and managing garment business could add value to the licensing business of the Group in garment related products. Following the close of the Offer, the Offeror intends to conduct a review of the Group’s financial position and operations and will formulate long-term strategies and plans for the Group. Subject to the result of the review and should suitable investment or business opportunities arises, the Offeror may consider diversifying the business of the Group with an objective to broaden its income. However, no such investment or business opportunities had been identified at the Latest Practicable Date.

DIRECTORS AND MANAGEMENT

It is expected that all of the existing Directors, namely Mr. Wang Lu Yen, Mr. Norman Janelle, Mr. Lin Jui Hsien, Jacob, Mr. Abdul Daim, Mr. Chow Chi Kiong, Mr. Yue Kwai Wa, Ken and Mr. Liew Swee Yean, Ivan, will resign and such resignations will not take effect until the closing date of the Offer on 7 September 2007, subject to full compliance with Rule 7 of the Takeovers Code.

The Offeror does not currently have any concrete plan on the appointment of Directors to the Board. The Offeror is in the process of identifying suitable personnel for the positions of Directors and the appointment of new Directors will be confirmed on or before the closing date of the Offer on 7 September 2007. Further announcement(s) will be made once the appointment of the new Directors, setting out details of the appointment of such Directors in accordance with the GEM Listing Rules, is confirmed. All appointments and resignations of Directors would be made in full compliance with the requirements of the Takeovers Code and further announcement(s) will be made by the Company in accordance with the requirements of the GEM Listing Rules.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Company. The Offeror intends to maintain the listing of the Shares on the Stock Exchange. The Company, the Directors to be appointed by the Offeror and the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Shares will be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the Shares; or**
- (ii) there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend trading in the Shares.

LETTER FROM GET NICE

FURTHER TERMS OF THE OFFER

Further terms and conditions of the Offer, including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this document and in the Form of Acceptance.

GENERAL

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to the paragraph headed “Overseas Shareholders” in Appendix I to this document.

Stockbrokers, banks and others who deal in relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules pursuant to the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

The Offer Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Partners Capital” set out in this document.

Your attention is drawn to the additional information set out in the Appendices to this document, which form part of this document.

Yours faithfully,
For and on behalf of
Get Nice Investment Limited
Shum Kin Wai Frankie
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this document:



BYFORD INTERNATIONAL LIMITED

百富國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8272)

17 August 2007

To the Offer Independent Shareholders and the Trade Mark Independent Shareholders

Dear Sir or Madam,

**Mandatory unconditional general offer by
Get Nice Investment Limited on behalf of
Upper Run Investments Limited
for all the issued shares of HK\$0.01 each in Byford International Limited
(other than those Shares already owned by Upper Run Investments Limited
and parties acting in concert with it)
and
Special deal and discloseable and connected transaction in relation to
the entering into of the Trade Mark Disposal Agreement**

We refer to the composite offer and response document dated 17 August 2007 jointly issued by the Offeror and the Company to the Offer Independent Shareholders and the Trade Mark Independent Shareholders (“**Composite Offer Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Offer Document unless the context otherwise requires.

We have been appointed by the Board to consider the terms of the Offer and to advise the Offer Independent Shareholders as to whether, in our opinion, such terms are fair and reasonable so far as the Offer Independent Shareholders are concerned.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The entering into of the Trade Mark Disposal Agreement constitutes a special deal under Rule 25 of the Takeovers Code, and therefore requires the consent of the Executive and such consent, if granted, will be conditional upon the approval of the Trade Mark Independent Shareholders voting by way of a poll at the EGM. We have also been appointed by the Board to consider the terms of the Trade Mark Disposal Agreement and to advise the Trade Mark Independent Shareholders in connection therewith and as to, whether, in our opinion, such terms are fair and reasonable so far as the Trade Mark Independent Shareholders are concerned.

Partners Capital has been appointed as the independent financial adviser to advise us in respect of the Offer and the Trade Mark Disposal Agreement. The letter from Partners Capital containing its recommendations to us and the principal factors and reasons taken into account by it in arriving at such recommendations is set out on pages 24 to 46 of the Composite Offer Document.

Having taken into account the advice of Partners Capital, we consider that the terms of the Offer are fair and reasonable so far as the Offer Independent Shareholders are concerned. Accordingly, we recommend that the Offer Independent Shareholders accept the Offer. However, if the net proceeds from the sale of the Shares in the open market after deducting all transaction cost would exceed the net amount receivable under the Offer, the Offer Independent Shareholders should consider selling their Shares in the market rather than accepting the Offer.

Having considered the principal factors and reasons considered by, and the advice of, Partners Capital as set out in its letter of advice, we consider that the terms of the disposal of the Trade Marks as contemplated under the Trade Mark Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Trade Mark Independent Shareholders are concerned, and are in the interests of the Company and the Trade Mark Independent Shareholders as a whole. Accordingly, we recommend the Trade Mark Independent Shareholders to vote in favour of the ordinary resolution approving the Trade Mark Disposal Agreement at the EGM.

Yours faithfully,

Independent Board Committee

Chow Chi Kiong Yue Kwai Wa, Ken Liew Swee Yean, Ivan

Independent non-executive Directors

LETTER FROM PARTNERS CAPITAL



博大資本國際有限公司
Partners Capital International Limited

Partners Capital International Limited
Unit 3906, 39/F, COSCO Tower
183 Queen's Road Central
Hong Kong

17 August 2007

To the Independent Board Committee

Dear Sirs,

**Mandatory unconditional general offer by
Get Nice Investment Limited on behalf of
Upper Run Investments Limited
for all the issued shares of HK\$0.01 each in Byford International Limited
(other than those Shares already owned by Upper Run Investments Limited
and parties acting in concert with it)
and
Special deal and discloseable and connected transaction in relation to
the entering into of the Trade Mark Disposal Agreement**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee in respect of the terms of the Offer and the Trade Mark Disposal Agreement, particulars of which are set out in the composite offer document of the Company (the "Composite Offer Document") dated 17 August 2007 to the Offer Independent Shareholders and the Trade Mark Independent Shareholders, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Composite Offer Document.

As set out in the letter from the Board (the "Letter from the Board"), on 20 July 2007, Upper Run, being the Offeror, entered into the S&P Agreements with the Vendors, pursuant to which the Offeror agreed to purchase and the Vendors agreed to sell an aggregate of 149,254,990 Shares for a total consideration of HK\$94,030,643.70 (equivalent to HK\$0.63 per Share). Such number of Shares represented approximately 74.63% of the issued share capital of the Company as at the Latest Practicable Date. The S&P Agreements were completed on 20 July 2007. As a result, the Offeror and parties acting in concert with it own an aggregate of 149,254,990 Shares, representing approximately 74.63% of the issued share capital of the Company and the Offeror and parties acting in concert with it are required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional general offer for all the issued Shares not already owned by it and parties acting in concert with it.

LETTER FROM PARTNERS CAPITAL

Get Nice, on behalf of the Offeror, is making the Offer on the following basis:

For each Share HK\$0.68 in cash

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the Composite Offer Document.

On the other hand, on 20 July 2007, the Company agreed to procure its wholly owned subsidiaries to sell and Wonderful World agreed to purchase the Trade Marks subject to and upon the terms and conditions of the Trade Mark Disposal Agreement. The entering into of the Trade Mark Disposal Agreement constitutes a special deal under Rule 25 of the Takeovers Code, and therefore requires the consent of the Executive and such consent, if granted, will be conditional upon the approval of the Trade Mark Independent Shareholders voting by way of a poll at the EGM. The Offeror and parties acting in concert with it will abstain from voting on the resolution in respect of the entering into of the Trade Mark Disposal Agreement.

Partners Capital is not connected with the directors, chief executive and substantial shareholders of the Company and the Offeror or any of its subsidiaries or their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee. Apart from normal professional fees payable to Partners Capital in connection with this appointment, no arrangement exists whereby Partners Capital will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Composite Offer Document and have assumed that all information and representations made or referred to in the Composite Offer Document as provided by the Directors and/or the Offeror were true at the time they were made and continue to be true as at the date of the Composite Offer Document. We have also relied on our discussion with the Directors regarding the Company, the Offer and the Trade Mark Disposal Agreement, including the information and representations contained in the Composite Offer Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror respectively in the Composite Offer Document were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Composite Offer Document and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Composite Offer Document nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Offeror. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Offeror, the Vendors, Wonderful World and their respective associates nor have we carried out any independent verification of the information supplied.

LETTER FROM PARTNERS CAPITAL

We have not considered the tax implications on the Offer Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Offer Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offer and, if in any doubt, should consult their own professional advisers.

THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of three executive Directors, namely Mr. Wang Lu Yen, Mr. Norman Janelle and Mr. Lin Jui Hsien, Jacob; one non-executive Director, namely Mr. Md Wira Dani Bin Abdul Daim; and three independent non-executive Directors, namely Mr. Chow Chi Kiong, Mr. Yue Kwai Wa, Ken and Mr. Liew Swee Yean, Ivan.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chow Chi Kiong, Mr. Yue Kwai Wa, Ken and Mr. Liew Swee Yean, Ivan, has been formed to advise the Offer Independent Shareholders and the Trade Mark Independent Shareholders for consideration of and making recommendations in respect of the terms of the Offer and the Trade Mark Disposal Agreement respectively.

We have been appointed by the Board to advise the Independent Board Committee in respect of the Offer and the Trade Mark Disposal Agreement and such appointment has been approved by the Independent Board Committee.

THE OFFER

Principal factors and reasons considered

In arriving at our opinion regarding the terms of the Offer, we have considered the following principal factors and reasons:

(i) *Review of financial performance*

As set out in the Letter from the Board, the Company, incorporated in the Cayman Islands with limited liability, is an investment holding company and its issued Shares are listed on GEM. The Group, prior to the disposal of its wholly owned subsidiary (as detailed in the announcement of the Company dated 22 June 2007) which was completed on 18 June 2007, was principally engaged in sourcing, sales and distribution of men's innerwear, socks and apparel under the "Byford" brandname and licensing business. The Group no longer has any sales and distribution of men's innerwear, socks and apparel operation immediately after such disposal. The Group continues to be engaged in the brand management and licensing business and should the opportunities arise other related businesses. Currently, there has been no particular investment opportunity identified by the Group.

LETTER FROM PARTNERS CAPITAL

A summary of the audited consolidated results of the Group for the three years/period ended 30 April 2007 and the audited consolidated financial statements of the Group for the two years ended 30 April 2007 are set out in the Appendix II to the Composite Offer Document. We analyse the consolidated results of the Group for each of the three years/period ended 30 April 2007 as follows:

- *Audited consolidated results for the 16 months ended 30 April 2005*

For the 16 months ended 30 April 2005, the Group recorded a turnover of approximately HK\$63.1 million, representing an increase of approximately 22.2% as compared with that of the preceding financial year ended 31 December 2003. With effect from 26 July 2004, the Company changed its financial year end date from 31 December to 30 April in order to be co-terminus with that of its then ultimate holding company. According to the annual report of the Company for the 16 months ended 30 April 2005, on a 12-month pro rata comparison basis, turnover of the Company fell approximately 8.4% to HK\$47.4 million from HK\$51.7 million in 2003. For the 16 months ended 30 April 2005, the Group recorded a net loss attributable to Shareholders of approximately HK\$3.0 million as compared to the net profit of approximately HK\$8.1 million for the year ended 31 December 2003.

According to the annual report of the Company for the 16 months ended 30 April 2005, the decrease in turnover on a 12-month period basis was a result of the management's decision to cease trading with certain customers in Malaysia. In addition, the net loss attributable to Shareholders for the 16 months ended 30 April 2005 was mainly due to drop in turnover, increase in selling and distribution costs and significantly increased administrative expenses incurred including trademark registration costs and foreign exchange loss.

- *Audited consolidated results for the year ended 30 April 2006*

For the year ended 30 April 2006, the Group recorded a turnover of approximately HK\$29.3 million, representing a significant reduction of approximately 53.5% as compared with that for the 16 months ended 30 April 2005. For the same financial year, the Group recorded a net loss attributable to Shareholders of approximately HK\$0.6 million as compared to the net loss attributable to Shareholders of approximately HK\$3.0 million for the 16 months ended 30 April 2005.

According to the annual report of the Company for the year ended 30 April 2006, the decrease in turnover was mainly due to the disposal of the Malaysian distribution business. Meanwhile, the level of net loss attributable to Shareholders was improved due to (i) the repayment of a term loan which resulted in lower finance cost; and (ii) the reduction in Directors' emoluments.

LETTER FROM PARTNERS CAPITAL

- *Audited consolidated results for the year ended 30 April 2007*

For the year ended 30 April 2007, the Group recorded a turnover of approximately HK\$31.8 million, representing a mild increase of approximately 8.5% as compared with that of the preceding financial year. For the same financial year, the Group recorded a net loss attributable to Shareholders of approximately HK\$0.2 million as compared to the net loss attributable to Shareholders of approximately HK\$0.6 million for the year ended 30 April 2006.

According to the annual report of the Company for the year ended 30 April 2007, the mild growth in turnover was mainly due to a marginal growth in the sales of goods and a substantial growth in the licensing business. The Offer Independent Shareholders are reminded that the Group completed the disposal of its wholly owned subsidiary which is principally engaged in sales and distribution of men's innerwear, socks and apparel in Singapore on 18 June 2007. Thereafter, the Group has been engaged in the brand management and licensing business in respect of the "Byford" brandname. As advised by the Company, the strategy of the Group is to develop the Byford property into a lifestyle brand. For instance, the Group expanded the product range, first, into men's outerwear. The launch of men's outerwear in the markets of China, Hong Kong and Macau is planned to take place shortly. Once this line extension is in place, the next step will be to expand the product range to accessories and other products and to apply the men's outerwear line extension program to other selected markets. Currently, the Group has several licensing agreements remain in force with various licensees (including Byford Marketing (S) Pte. Ltd. ("BMS") which the Company disposed of in June 2007) in respect of the "Byford" trade mark for distribution in various regions in Asia (such as China, Macau, Taiwan, Hong Kong, Thailand, Vietnam, Indonesia, Singapore, Brunei, Mauritius and Malaysia), Middle East (such as United Arab Emirates Qatar, Bahrain, Oman and Kuwait) and United States of America.

- *Further analysis*

In view that the Group completed the disposal of its wholly-owned subsidiary which is principally engaged in sales and distribution of men's innerwear, socks and apparel in Singapore on 18 June 2007 and the Group has been engaged in the brand management and licensing business of the "Byford" brandname thereafter, we analyse the Group by focusing on its licensing business segment in the last three years. According to the annual reports of the Company for the last three financial years, we note that the licensing business segment has been profitable. The segment results showed that the licensing business segment recorded profit before unallocated corporate expenses, finance costs, income tax expense and gain on disposal of a subsidiary of approximately HK\$3.6 million, HK\$2.2 million and HK\$2.5 million respectively for the 16 months ended 30 April 2005 and each of the two years ended 30 April 2007. Meanwhile, the sales of goods business segment recorded losses for two years ended 30 April 2007 notwithstanding that the sale of goods business segment was profitable for the 16 months ended 30 April 2005.

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According to the annual report of the Company for the year ended 30 April 2007, majority of the turnover of the Group were generated from the Singapore market before the disposal of BMS, which is principally engaged in sale and distribution of men's innerwear, socks and apparel in Singapore. In conjunction with the disposal, the Group had entered into a licensing agreement with BMS with a term of five years for the manufacture and distribution of licensed merchandise under the Byford trademark for men's innerwear and outerwear in the territories of Singapore, Brunei and Mauritius and for men's outerwear in the territory of Malaysia. The Group, through such licensing arrangement, is expected to receive steady royalty income from BMS. As further set out in the annual report of the Company for the year ended 30 April 2007, the licensing business continued to show progress and recorded a 38.7% growth in royalty income for the year ended 30 April 2007 when compared to the last corresponding year. The Directors considered that such increase reflected the popularity and growth of the "Byford" brand in China and in Malaysia. In addition, the Directors expected that new product (such as outerwear) from new licenses will be launched in various markets after discussion with its licensees. Meanwhile, the Singapore distribution and sales of goods business, which has been carried out by BMS, experienced moderate growth during the year ended 30 April 2007 when compared with the last corresponding year and the business environment remains extremely competitive.

Although the Company does not directly engaged in the sales and distribution of men's innerwear, socks and apparel, the revenue of the Group is highly correlated to the sales and distribution of men's innerwear, socks and apparel of BMS and other licensees given that the licensee fees are charged at predetermined rates on net sales generated by licensees. As sales and distribution of men's innerwear, socks and apparel, which is part of the retail industry, is generally affected by the size and purchasing power of the local population and the general state of economies in the region and majority of the turnover of the Group were generated from the Singapore market before the disposal of BMS, we focus our analysis on the economy of Singapore. According to the statistics department of Singapore Government, the Gross Domestic Product (GDP) of Singapore is expected to grow by 7-8% in 2007. In addition, according to the statistics department of Singapore Government, the Singapore economy expanded by 8.6% in second quarter of 2007 whilst the GDP of Singapore in the first quarter of 2007 grew by 6.4%. Furthermore, according to the statistics department of Singapore Government, we note that the population of Singapore has grown from approximately 4.0 million in 2000 to approximately 4.5 million in 2006.

Based on the above, we consider that it may be commercially justifiable for the Group to dispose of loss-making business segment and focus its resources on business of brand management and licensing business of the "Byford" brandname which had higher gross profit margin during the last few years. Moreover, we are of the view that the business risk of the Group should have been significantly reduced after the disposal of BMS.

LETTER FROM PARTNERS CAPITAL

(ii) Share price performance and trading liquidity

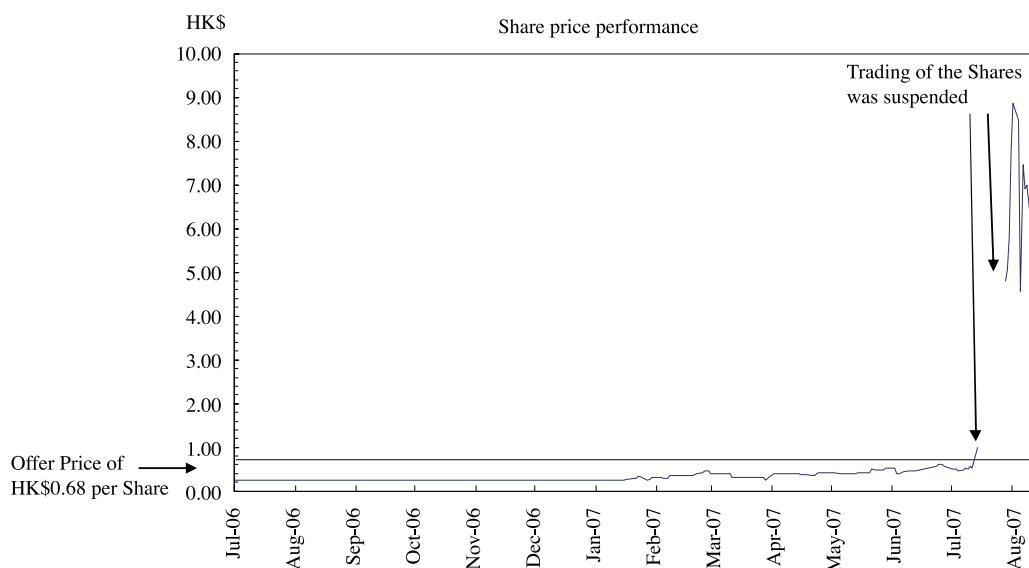
The offer price of HK\$0.68 (the “Offer Price”) for each Offer Share equals to the aggregate of the price payable by the Offeror for each Share under the S&P Agreements and the Special Dividend of HK\$0.05 per Share. The Offer Price represents:

- (a) a discount of approximately 31.31% to the closing price of HK\$0.99 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 10.03% over the average closing price of HK\$0.6180 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 22.85% over the average closing price of HK\$0.5535 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 31.22% over the average closing price of approximately HK\$0.5182 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 58.62% over the average closing price of approximately HK\$0.4287 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 365.43% over the audited consolidated net asset value per Share of approximately HK\$0.1461 per Share as at 30 April 2007 as announced by the Company; and
- (g) a discount of approximately 88.94% to the closing price of HK\$6.15 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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- *Share price performance*

For the purpose of further comparing the Offer Price with the market price of the Shares, we plot the closing price level of the Shares traded on the Stock Exchange from 1 July 2006 to 16 July 2007 (being the Last Trading Day) and further up to the Latest Practicable Date (the “Review Period”) as follows:



Source: Infocast

During the Review Period, the lowest closing price was HK\$0.240 per Share recorded on 2 January 2007 to 17 January 2007 and the highest closing price was HK\$8.86 per Share recorded on 3 August 2007. The trading of the Shares was suspended with effect from 2:30 pm on 16 July 2007 pending the publication of the Announcement and the trading of the Shares resumed on 30 July 2007. The Offer Price represents a premium of approximately 183.3% over the lowest closing price per Share and a discount of approximately 92.3% to the highest closing price per share during the Review Period. The Offer Price also represents a discount of approximately 88.94% to the closing price of the Shares of HK\$6.15 on the Latest Practicable Date.

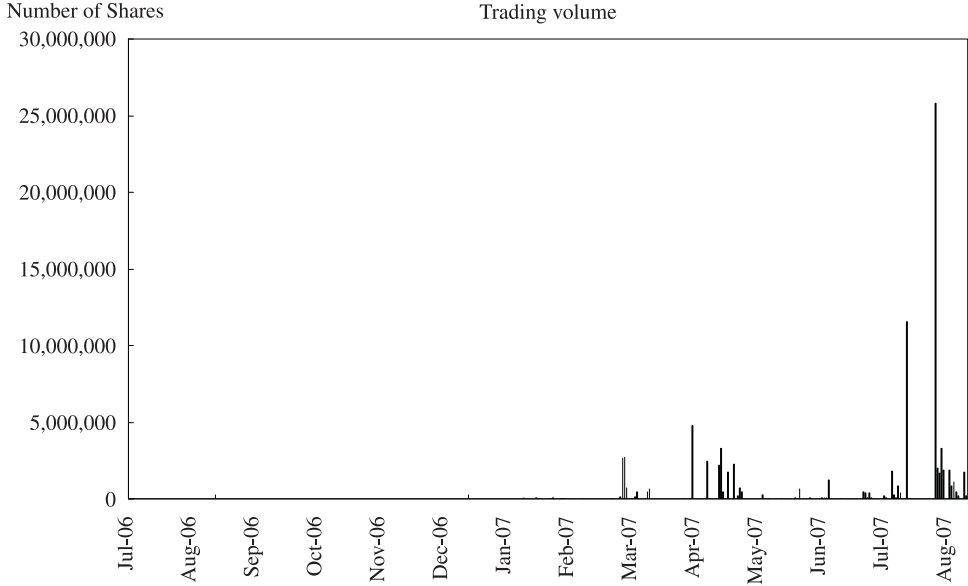
LETTER FROM PARTNERS CAPITAL

We also note that the Shares have been mostly trading under the Offer Price during the Review Period. On the Last Trading Day, the closing price of the Shares surged to HK\$0.99 per Share and the trading of the Shares was suspended with effect from 2:30 p.m. on 16 July 2007. We note that the closing price of the Shares increased significantly to HK\$4.8 on the date of resumption of the Shares after the Company announced the change of control on 30 July 2007. We also note that the Company issued an announcement dated 30 July 2007 in relation to the unusual increase in price and trading volume of the Shares but the Company confirmed that there were no negotiation and/or agreement relating to intended acquisitions or realizations which were then discloseable under the GEM Listing Rules save for those announced in the Announcement. Thereafter, the closing price of the Shares further surged to HK\$6.15 on the Latest Practicable Date. We consider that the closing price as at the Last Trading Day should be the more relevant and appropriate index for assessing the fairness and reasonableness of the Offer Price as the Share price on the Last Trading Day should reflect all the latest information before the Offeror acquired an aggregate of 149,254,990 Shares under the S&P Agreements and obliged to make the Offer, however, the Offer Independent Shareholders are reminded that the share prices after the publication of the Announcement (including that as at the Latest Practicable Date) may reflect further information (such as investors' perception on the Offer and the then market sentiment) which was not captured by the Offer Price and therefore the Offer Independent Shareholders should also consider these factors before making their decision of acceptance and non-acceptance. Nevertheless, we note that the Shares have been trading at a level substantially higher than the Offer Price after the publication of the Announcement and the global stock markets have been volatile since August 2007 due to deteriorating overall market sentiment. Taking into the sole account of recent price level of the Shares, we consider that the Offer Price may not represent an attractive opportunity for the Offer Independent Shareholders to realize their investments in the Company. However, it is not impossible that the price level of the Shares may drop below the Offer Price in view of the deteriorating overall market sentiment. The Offer Independent Shareholders are reminded that they should carefully closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer.

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- *Liquidity*

For the purpose of assessing the trading liquidity of the Shares, the following chart shows the daily trading volume of the Shares during the Review Period:



Source: Infocast

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| Month | Highest daily turnover (in number of Shares) | Lowest daily turnover (in number of Shares) | Average daily turnover (in number of Shares) | Number of trading days with no turnover (in days) | Percentage of average daily turnover over total number of Shares in issue | Percentage of average daily turnover over total number of Shares held by the Offer Independent Shareholders |
|--|---|--|---|--|---|---|
| | | | | | (%) | (note) (%) |
| 2006 | | | | | | |
| July | 0 | 0 | 0 | 21 | 0.000 | 0.000 |
| August | 300,000 | 0 | 13,043 | 22 | 0.007 | 0.026 |
| September | 0 | 0 | 0 | 21 | 0.000 | 0.000 |
| October | 0 | 0 | 0 | 20 | 0.000 | 0.000 |
| November | 0 | 0 | 0 | 22 | 0.000 | 0.000 |
| December | 300,000 | 0 | 16,667 | 17 | 0.008 | 0.033 |
| 2007 | | | | | | |
| January | 105,000 | 0 | 17,727 | 12 | 0.009 | 0.035 |
| February | 2,665,000 | 0 | 166,111 | 11 | 0.083 | 0.327 |
| March | 2,710,000 | 0 | 242,955 | 15 | 0.121 | 0.479 |
| April | 4,825,000 | 0 | 1,049,792 | 6 | 0.525 | 2.069 |
| May | 660,000 | 0 | 57,143 | 14 | 0.029 | 0.113 |
| June | 1,250,000 | 0 | 207,333 | 4 | 0.104 | 0.409 |
| July | 25,820,000 | 0 | 3,749,432 | 1 | 1.875 | 7.389 |
| August (1 August to the Latest Practicable Date) | 3,340,200 | 200,000 | 1,361,560 | 0 | 0.681 | 2.683 |

Source: Infocast

Note: Based on the total number of Shares held by the Offer Independent Shareholders of 50,745,010 Shares as at the Latest Practicable Date

During the Review Period, no trading of the Shares was recorded on 186 trading days on the Stock Exchange. As illustrated in the table above, the trading volume of the Shares during the Review Period has been thin. During the period from July 2006 to January 2007, the highest daily average trading volume amounted to 17,727 Shares recorded in January 2007, only representing approximately 0.009% of the total number of issued Shares and approximately 0.035% of the total number of Shares held by the Offer Independent Shareholders respectively. However, since February 2007, the trading volume of the Shares became relatively higher. Despite the relatively higher trading volume from the July 2007 (especially on 16, 30 and 31 July 2007) to the Latest Practicable Date, we consider the liquidity of the Shares was thin during most of the time of the Review Period.

(iii) Price-earnings multiple

We consider that price-earnings multiple is one of the most commonly used benchmarks for valuing the Company. However, the Group has been loss making for the two years ended 30 April 2007. Accordingly, it would not be feasible and meaningful to assess the Offer Price using the price-earnings multiple approach.

(iv) Net assets

We note that the Group no longer has any sales and distribution of men's innerwear, socks and apparel under the "Byford" brandname immediately after the disposal of its wholly owned subsidiary as detailed in the announcement of the Company dated 22 June 2007 and thereafter continues to be engaged in the brand management and licensing business. We consider that it is justifiable to identify companies principally engaged in the sales and distribution of innerwear as comparables given that majority of the tangible assets and liabilities of the Group were related to sales and distribution of innerwear for the year ended 30 April 2007, being the latest whole financial year of the Company. Moreover, as announced by the Company in its announcement dated 22 June 2007, a member of the Group has entered into the licensing agreement with BMS for a term of five years for the manufacture and distribution of licensed merchandise under the "Byford" trademarks for men's innerwear and outerwear in the territories of Singapore, Brunei and Mauritius and for men's outerwear in the territory of Malaysia. Thus, although the Company does not directly engaged in the sales and distribution of men's innerwear, socks and apparel, the revenue of the Group is highly correlated to the sales and distribution of men's innerwear, socks and apparel of BMS and other licensees given that the licensee fees are charged at predetermined rates on net sales generated by licensees. In general, it may not be common to value a company principally engaged in the sales and distribution of innerwear by reference to its net asset value. However, for the purpose of assessing whether the Offer Price is fair and reasonable with respect to the net asset value per Share and to the best of our knowledge, we have identified two companies listed on the Main Board of the Stock Exchange, being all companies which we consider are principally engaged in similar businesses of the Company (the "Comparables") and we consider that it should represent the exhaustive list of comparable companies. We have reviewed and tabulated below the premium/(discounts) of the closing share prices of the Comparables as at the Last Trading Day and the Latest Practicable Date over/(to) their respective net asset value as reported in their latest published financial reports:

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| Company name | Year end date | Market capitalisation as at 16 July 2007 (HK\$ million) | Closing share price as at 16 July 2007 (HK\$) | Latest published net asset value per share (HK\$) | Premium/ (discount) of the closing share price on 16 July 2007 over/(to) the latest published net asset value per share | Price-earnings multiple (times) | Dividend Yield |
|--|---------------|--|--|--|--|------------------------------------|----------------|
| | | | | | | | |
| Top Form International Limited | 30 June | 1,560 | 1.45 | 0.485 | 198.97% | 13.55 | 5.9% |
| Embry Holdings Limited | 31 December | 2,792 | 6.98 | 1.811 | 285.42% | 26.15 | 0.9% |
| | | | | Mean | 242.20% | 19.85 | 3.4% |
| | | | | Median | 242.20% | 19.85 | 3.4% |
| <i>Offer Price of HK\$0.68 per Share</i> | | <i>136 (based on the Offer Price)</i> | <i>0.68</i> | <i>0.1461</i> | <i>365.43%</i> | <i>N/A</i> | <i>N/A</i> |

| Company name | Year end date | Market capitalisation as at the Latest Practicable Date (HK\$ million) | Closing share price as at the Latest Practicable Date (HK\$) | Latest published net asset value per share (HK\$) | Premium/ (discount) of the closing share price on Latest Practicable Date over/(to) the latest published net asset value per share | Price-earnings multiple (times) | Dividend Yield |
|--|---------------|---|---|--|---|------------------------------------|----------------|
| | | | | | | | |
| Top Form International Limited | 30 June | 1,324 | 1.23 | 0.485 | 153.61% | 11.50 | 6.92% |
| Embry Holdings Limited | 31 December | 2,428 | 6.07 | 1.811 | 235.17% | 22.74 | 0.99% |
| | | | | Mean | 194.39% | 17.12 | 3.96% |
| | | | | Median | 194.39% | 17.12 | 3.96% |
| <i>Offer Price of HK\$0.68 per Share</i> | | <i>136 (based on the Offer Price)</i> | <i>0.68</i> | <i>0.1461</i> | <i>365.43%</i> | <i>N/A</i> | <i>N/A</i> |

Source: www.hkex.com.hk

The premia of the closing share prices as at 16 July 2007, being the Last Trading Day, over the net asset value per share of the Comparables range from approximately 198.97% to approximately 285.42%. In addition, the premia of the closing share prices as at the Latest Practicable Date over/(to) the net asset value per share of the Comparables range from approximately 153.61% to of approximately 235.17%.

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Upon comparison, we note that the premium of the Offer Price over the audited net asset value per Share as at 30 April 2007 of approximately 365.4% lies above the range, the mean and the median of the Comparables.

On the other hand, we note that the Group no longer has any sales and distribution of men's innerwear, socks and apparel under the "Byford" brandname immediately after the disposal of its wholly owned subsidiary as detailed in the announcement of the Company dated 22 June 2007 and thereafter continues to be engaged in the brand management and licensing business. In this regard, we endeavoured to identify companies listed on the Main Board and/or GEM of the Stock Exchange which are principally engaged in the brand management and licensing business in respect of garment brandname but we are unable to find any company which is principally engaged in the brand management and licensing business and which we consider would qualify as a close comparable in terms of products, market capitalisation and targeted markets. However, for reference purposes only, we, to our best knowledge, identified one company listed on the Main Board of the Stock Exchange which has licensing business of garment brandname but the turnover generated from licensing would account for approximately 2% of the total turnover of that company for its latest financial year and we consider that it should represent the exhaustive list of company which is principally engaged in the brand management and licensing business in respect of garment brandname. Details of which are set out in the following tables:

| Company name | Year end date | Market capitalisation | | Latest published net asset value per share (HK\$) | Premium/ (discount) of the closing share price on 16 July 2007 over/(to) the latest published net asset value per share | Price-earnings multiple (times) | Dividend Yield |
|--|---------------|---------------------------------------|--|--|--|------------------------------------|----------------|
| | | as at 16 July 2007 (HK\$ million) | Closing share price as at 16 July 2007 (HK\$) | | 2007 over/(to) the latest published net asset value per share | | |
| Hang Ten Group Holdings Limited | 31 March | 786 | 0.8 | 0.574 | 39.25% | 7.2 | 6.25% |
| <i>Offer Price of HK\$0.68 per Share</i> | | <i>136 (based on the Offer Price)</i> | <i>0.68</i> | <i>0.1461</i> | <i>365.43%</i> | <i>N/A</i> | <i>N/A</i> |

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| Company name | Year end date | Market | Closing share | Latest | Premium/ (discount) of the | Price- earnings multiple <i>(times)</i> | Dividend Yield |
|--|---------------|---|---|---|---|--|-------------------|
| | | capitalisation as at the Latest Practicable Date <i>(HK\$ million)</i> | price as at Latest Practicable Date <i>(HK\$)</i> | published net asset value per share <i>(HK\$)</i> | Practicable Date over/(to) the latest published net asset value per share | | |
| Hang Ten Group Holdings Limited | 31 March | 766 | 0.78 | 0.485 | 60.82% | 7.0 | 6.41% |
| <i>Offer Price of HK\$0.68 per Share</i> | | <i>136 (based on the Offer Price)</i> | <i>0.68</i> | <i>0.1461</i> | <i>365.43%</i> | <i>N/A</i> | <i>N/A</i> |

Source: www.hkex.com.hk

On the above basis and from the sole perspective of assessment of the Offer Price with respect to the premium over the net asset value with reference to the Comparables, we consider that the Offer Price is fair and reasonable so far as the Offer Independent Shareholders are concerned.

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(v) Precedent case of general offer in respect of companies listed on the GEM

For illustration purposes, we have identified six precedent case of general offer (the “GO Comparables”) in respect of companies listed on the GEM since January 2007 which we consider that it should represent the exhaustive list of precedent case of general offer in respect of companies listed on the GEM since January 2007, details of such precedent case are set out below.

| Date | Company name | Offer price (HK\$) | Market Capitalisation based on offer price (HK\$ million) | Closing share price as at the last trading day before the date of the relevant announcement (HK\$) | Premium/(discount) of the offer price over/(to) the closing share price on the last trading day (%) | Latest published net assets value per share on or before the last trading day (HK\$) | Premium/ (discount) of the closing share price on the last trading day over/(to) the then latest published net asset value per share on or before the last trading day (%) | Price- earnings multiples based on offer price (times) | Dividend yield based on offer price (%) |
|--------------|--|-----------------------|---|--|--|--|---|---|--|
| January 2007 | FX Creations International Holdings Limited (Note 1) | 0.04902 | 88.2 | 0.08 (i.e. 12 January 2007) | (38.73) | 0.03514 | 39.50 | N/A | N/A |
| March 2007 | Tiger Tech Holdings Limited (Note 2) | 0.0266 | 12.4 | 0.064 (i.e. 1 March 2007) | (58.44) | 0.0103 | 158.25 | N/A | N/A |
| May 2007 | CASH Financial Services Group Limited (Note 3) | 0.38 | 525.6 | 0.385 (i.e. 10 May 2007) | (1.30) | 0.35 | 8.57 | 13.1 | 7.9 |
| June 2007 | China Photar Electronics Group Limited (Note 4) | 0.017 | 41.4 | 0.295 (i.e. 1 June 2007) | (94.24) | 0.02 | (15.00) | N/A | N/A |
| July 2007 | Global Solution Engineering Limited (Note 5) | 0.40 | 34.6 | 0.77 (i.e. 22 June 2007) | (48.05) | 0.0097 | 4,023.71 | N/A | N/A |
| July 2007 | ERA Information & Entertainment Limited (Note 6) | 0.093 | 29.8 | 0.57 (i.e. 26 June 2007) | (83.68) | 0.0869 | 7.02 | N/A | N/A |
| | | | Mean Median | | (54.07) (53.25) | Mean Median Adjusted Mean (after excluding the discount) | 703.68 24.04 847.41 | N/A N/A | N/A N/A |
| July 2007 | The Company | 0.68 | 136 (based on the Offer Price) | 0.99 | (31.31) | 0.1461 | 365.43 | N/A | N/A |

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Notes:

1. FX Creations International Holdings Limited is currently known as Maxitech International Holdings Limited and is principally engaged in retail sales of bags and accessories under its FX CREATIONS brandname.
2. Tiger Tech Holdings Limited is principally engaged in research, development, sales and implementation of Enterprise Thin Client Solutions, Cable Network Thin Client Solutions and Customised Thin Client Application Solutions.
3. CASH Financial Services Group Limited is principally engaged in provision of online and traditional brokerage of securities, options, futures and leveraged foreign exchange contracts, mutual funds and insurance-linked investment products, margin financing, corporate finance, and online game services.
4. China Photar Electronics Group Limited is principally engaged in development, design and sale of digital AV products for the mid-price segment of the market.
5. Global Solution Engineering Limited is principally engaged in provision of image design services, information technology consultancy services as well as content management solution services and on-line advertising solution services.
6. ERA Information & Entertainment Limited is principally engaged in distribution of home, video products, theatrical and television rights release, and film rights sub-licensing, as well as distribution of PC, console and online games.

Upon comparison, we note that the discount of approximately 31.31% of the Offer Price to the closing price of the Share on the Last Trading Day is smaller than the mean and median of that of the GO Comparables. In addition, we note that the premium of the Offer Price over the audited net asset value per Share as at 30 April 2007 of approximately 365.4% lies above the median of that of the GO Comparables. The Offer Independent Shareholders should note that the mean and the adjusted mean of the premium of the offer price of the GO Comparables over their latest published net asset value per share may be highly biased upward as the premium of one of the GO Comparables was over 40 times.

On the above basis and from the sole perspective of assessment of the Offer Price with reference to the GO Comparables, we consider that the Offer Price is fair and reasonable so far as the Offer Independent Shareholders are concerned.

(vi) Intention of the Offeror regarding the future prospects of the Group

As set out in the section headed “Letter from Get Nice” in the Composite Offer Document (the “Letter from Get Nice”), it is the intention of the Offeror that the existing principal activities of the Group will remain unchanged and the Offeror has no intention to make any material changes to the employees or management of the Group or to dispose of any material assets or businesses of the Group other than in its ordinary course of business and has no intention to inject any material assets or businesses into the Group.

As further set out in the Letter from Get Nice, the Offeror does not currently have any concrete plan on appointment of Directors to the Board. It is intended that all the existing Directors will resign with effect from the first closing date of the Offer, or such earlier date with the consent of the Executive. The Offeror is in the process of identifying suitable

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personnel for the positions of Directors at appropriate times. Further announcement(s) will be made once the appointment of the new Directors, setting out details of the appointment of such Directors in accordance with the GEM Listing Rules, is confirmed.

Notwithstanding the above, we consider that there are uncertainties as to the impact of the intended resignations of all the existing Directors from the Board and the proposed change in the composition of the Board on the business operation of the Group.

RECOMMENDATION

Having considered the principal factors set out above, in particular, the following:

- (i) the trading liquidity of the Shares has been thin during most of the Review Period;
- (ii) the Offer Price represents a substantial premium over the audited net asset value per Share as at 30 April 2007, which lies above the range, the mean and the median of the Comparables;
- (iii) the Offer Price represents premia of approximately 10.03%, 22.85%, 31.22% and 58.62% over the average closing price of approximately HK\$0.6180, HK\$0.5535, HK\$0.5182 and HK\$0.4287 per Share as quoted on the Stock Exchange for the 5, 10, 30 and 90 consecutive trading days up to and including the Last Trading Day respectively;
- (iv) the discount of approximately 31.31% of the Offer Price to the closing price of the Share on the Last Trading Day is smaller than the mean and median of that of the GO Comparables; and
- (v) the premium of the Offer Price over the audited net asset value per Share as at 30 April 2007 of approximately 365.4% lies above the median of that of the GO Comparables,

notwithstanding that the Group has recently disposed of its wholly-owned subsidiary, which is principally engaged in sales and distribution of men's innerwear, socks and apparel in Singapore, and which has been loss-making for the last two financial years, we consider that the Offer is fair and reasonable so far as the Offer Independent Shareholders are concerned, and accordingly, we recommend the Independent Board Committee to recommend the Offer Independent Shareholders to accept the Offer. The recommendation in respect of the Offer was not based on the assumption that the Trade Mark Disposal will be completed. Given that the Trade Marks have not been a primary revenue contributor to the Group and it was not a major asset of the Group, we consider that disposal of Trade Marks will not have material impact on our recommendation in respect of the Offer.

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However, the Offer Independent Shareholders should note that the Shares had been trading above the Offer Price after the publication of the Announcement and are reminded that they should carefully closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer.

For those Offer Independent Shareholders who wish to retain part or all of their shareholding in the Company should note that the Group's financial performance had been loss making over the two years ended 30 April 2007. There is still uncertainty as to whether or when the future prospects of the Group will be improved after the close of the Offer. Accordingly, those Offer Independent Shareholders should carefully consider the future intentions of the Offeror regarding the Group after the close of the Offer, details of which are set out in the Letter from Get Nice.

The Offer Independent Shareholders should also note the possibility that the consistently thin trading volume of the Shares prior to the Last Trading Day (as recorded during the Review Period) may render the Offer Independent Shareholders difficult to dispose of their Shares in the market after the close of the Offer without exerting downward pressure on the price of the Shares. We note that the trading volume of the Shares surged after the publication of the Announcement but it is uncertain that such high level of trading volume is sustainable in the long term. The Offer Independent Shareholders who believe that they will be unable to sell the Shares in the market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as an alternative exit of their investments.

In any case, the Offer Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Offer Document and are strongly advised that the decision to realize or to hold their investment in the Shares is subject to individual circumstances and investment objectives.

THE SPECIAL DEAL

Principal factors and reasons considered

In arriving at our opinion regarding the terms of the Trade Mark Disposal Agreement, we have considered the following principal factors and reasons:

(i) *Background of and reasons for the entering into of the Trade Mark Disposal Agreement*

On 20 July 2007, the Company agreed to procure its wholly owned subsidiaries to sell and Wonderful World agreed to purchase the Trade Marks subject to and upon the terms and conditions of the Trade Mark Disposal Agreement. The entering into of the Trade Mark Disposal Agreement constitutes a special deal under Rule 25 of the Takeovers Code, and therefore requires the consent of the Executive and such consent, if granted, will be conditional upon the approval of the Trade Mark Independent Shareholders voting by way of a poll at the EGM.

As set out in the Letter from the Board, the Directors consider that the Trade Marks to be disposed of by the Company are relating to the Group's non-core business of baby and children products. Currently, "Baby-Q" and the related trademarks are licensed to a wholly owned subsidiary of Roly. By disposing of the Trade Marks, the Group can save costs on managing the relevant brandnames and concentrate on the brand management and licensing business of the "Byford" brandname. The Company intends to use the net proceeds from the disposal of the Trade Marks as general working capital.

According to a circular of the Company dated 28 February 2005, the Trade Marks were acquired from independent third parties for RMB3 million in cash with a view to develop new license territories and obtain additional revenue from licensing royalties derived from these new territories. According to the annual report of the Company for the year ended 30 April 2007, both the turnover and gross profit generated from the Trade Marks for the two years ended 30 April 2006 and 2007 were approximately HK\$249,000 and HK\$450,000 respectively. We note the gross profit generated from the Trade Marks for the two years ended 30 April 2006 and 2007 would account for approximately 1.6% and 2.5% of the Group's total gross profit for the two years ended 30 April 2006 and 2007 respectively. As advised by the Company, in light of the non-core business nature of the Trade Marks (as indicated by the insignificant contribution from the Trade Marks), the Company decided to dispose of the Trade Marks with a view to save costs on managing the relevant brandnames and concentrate on the brand management and licensing business of the "Byford" brandname.

Based on the above, we consider that it is commercially justifiable to dispose of such assets which are related to the non-core business of the Group with a view to concentrating resources on core business.

(ii) Key terms of the Trade Mark Disposal Agreement

Pursuant to the Trade Mark Disposal Agreement, Wonderful World agreed to acquire the Trade Marks from the Company at a cash consideration of HK\$4.2 million upon completion of the Trade Mark Disposal Agreement. As set out in the Letter from the Board, the consideration was determined with reference to the audited book value of the Trade Marks as at 30 April 2007, with a premium. It is expected that the Group will record a disposal gain of approximately HK\$1,070,000 upon completion of the Trade Mark Disposal Agreement.

According to the annual report of the Company for the year ended 30 April 2007, the audited book value of the Trade Marks was approximately HK\$3,130,000. The gross profit generated from the Trade Marks for the two years ended 30 April 2006 and 2007 were approximately HK\$249,000 and HK\$450,000 respectively. As advised by the Company, the gross profit for the operation of the Trade Marks were generated mainly from licensing the Trade Marks to a subsidiary (the “Licensee”) of Roly for a fee and no other licensing agreement in relation to the Trade Marks remained in force as at the Latest Practicable Date. According to the relevant licensing agreement (the “Licensing Agreement”) between the Group and the Licensee, the licensing agreement will expire on 30 June 2008 and the Licensee is required to pay a minimum license fee of RMB350,000 to the Group for the year ending 30 June 2008 in respect of the Trade Marks subject to adjustments based on actual invoiced amounts. As further advised by the Company, it is expected that the market conditions for the products in respect of the Trade Marks will remain relatively stable and there is no long term contract on hand of the Licensee in respect of the products of the Trade Marks. Upon comparison, we note that the consideration of the disposal of the Trade Marks and the gain on disposal of the Trade Marks would represent approximately 9.33 times and 2.38 times of the actual license fee received for the year ended 30 April 2007 respectively (or 12.00 times and 3.06 times of the minimum committed license fee of RMB350,000 for the year ending 30 June 2008 respectively). In particular, the multiple of approximately 9.33 times calculated by dividing the consideration of the disposal of the Trade Marks over the actual license fee received for the year ended 30 April 2007 would be equivalent to the situation where the Company receiving a prepaid license fee for the next 9.33 years if the license fee would be relatively stable for the next few years. Accordingly, we consider that the Trade Mark Disposal Agreement represents an attractive opportunity for the Company to realize its investment in the Trade Marks which the Group considers to be relating to the Group’s non-core business.

LETTER FROM PARTNERS CAPITAL

On the other hand, according to the accounting policies of the Company, we note that the Trade Marks are carried at historical cost less accumulated impairment and are tested annually for impairment and when there is indication of impairment. Given that the Licensing Agreement will soon expire and the fact that there are no other licensing agreement remained in force immediately after the expiry of the Licensing Agreement, according to the accounting policies of the Company and the purpose of impairment tests (i.e. to reflect the true economic value of an asset), should the Group fail to enter into new licensing arrangement in respect of the Trade Marks, the Trade Marks may be required to have impairment charges which may result in a significant decrease in value of the Trade Marks as no further licensing agreement were entered into may indicate that the carrying amount may not be recoverable.

On the above basis and in view of the remaining tenor of the Licensing Agreement and the Trade Marks will be disposed of at a premium to its net book value, we consider that the basis of determining of the consideration under the Trade Mark Disposal Agreement is fair and reasonable so far as the Trade Mark Independent Shareholders are concerned.

(iii) Financial effect of the Trade Mark Disposal Agreement on the Group

(i) Earnings

As set out in the Letter from the Board, based on the audited book value of Trade Marks as at 30 April 2007 and the Consideration, the Company is expected to record a disposal gain of approximately HK\$1.07 million from the disposal of the Trade Marks.

(ii) Net assets

According to the annual report of the Company for the year ended 30 April 2007, the audited consolidated net assets of the Group as at 30 April 2007 were approximately HK\$29.2 million. As set out in the Letter from the Board, the audited book value of Trade Marks as at 30 April 2007 was approximately HK\$3.13 million. Based on the gain on disposal of approximately HK\$1.07 million from the disposal of the Trade Marks, the consolidated net assets of the Group is expected to be increased by the same amount upon completion of the Trade Mark Disposal Agreement.

(iii) Liquidity/cashflow

As set out in the Letter from the Board, the Company intends to apply the net proceeds of the disposal of Trade Marks of approximately HK\$4.2 million for the general working capital purposes of the Group. On the above basis, the disposal of the Trade Marks is expected to have a positive impact on the liquidity position of the Group immediately upon completion of the Trade Mark Disposal Agreement.

LETTER FROM PARTNERS CAPITAL

RECOMMENDATION

Having considered the above principal factors, we consider that the terms of the Trade Mark Disposal Agreement to be on normal commercial terms and fair and reasonable so far as the Trade Mark Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Trade Mark Independent Shareholders to vote in favour of the resolution to approve the Trade Mark Disposal Agreement.

Yours faithfully,

For and on behalf of

Partners Capital International Limited

Alan Fung

Managing Director

Harry Yu

Executive Director

1. PROCEDURES FOR ACCEPTANCE

A. The Offer

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Offer, you must send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof, to the Registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in any event not later than 4:00 p.m. on Friday, 7 September 2007 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or some names other than your own and you wish to accept the Offer in respect of your Shares, whether in full or in part, you must either:

- (a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
- (b) arrange for the Shares to be registered in your name by the Company through the Registrar and send the Form of Acceptance duly completed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
- (c) if your Shares have been lodged with your licensed securities dealer/custodian bank through CCASS, instruct your licensed securities dealer/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/custodian bank as required by them; or
- (d) if your Shares have been lodged with your Investor Participant's Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are not readily available and/or is/are lost (as the case may be) and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instruction given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to any of Get Nice, the Company, the Offeror or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it/they were delivered to the Registrar with the Form of Acceptance.

An acceptance may not be counted as valid unless:

- (a) it is received by the Registrar on or before the latest time for acceptance at 4:00 p.m. on Friday, 7 September 2007 and the Registrar has recorded that the acceptance and any relevant documents required under paragraph (b) below have been so received; and
- (b) the Form of Acceptance is duly completed and is:
 - (i) accompanied by share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Share(s) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Share(s); or
 - (ii) from a registered Shareholder or his/her personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (b)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT

Provided that the Form of Acceptance and relevant share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order and have been received by the Registrar by not later than 4:00 p.m. on Friday, 7 September 2007, being the latest time for acceptance of the Offer, a cheque for the amount due to the accepting Shareholder(s) in respect of the Shares tendered by him/her/it/them under the Offer, less seller's ad valorem stamp duty payable by him/her/it/them, will be despatched to the accepting Shareholder(s) to the address specified on the Form of Acceptance by ordinary post at his/her/its/their own risk within 10 days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Shareholder(s) is/are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offeror reserves the right, subject to the Takeovers Code, to extend the Offer after the despatch of this document. Unless the Offer has been revised or extended, all Forms of Acceptance must be received by the Registrar at 4:00 p.m. on Friday, 7 September 2007 and the Offer will close on 7 September 2007.
- (b) The Offeror reserves the rights, subject to the Takeovers Code, to revise, extend on the terms of the Offer. If in the course of the Offer, the Offeror revises its terms, all the Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. A revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted. If the Offer is revised or extended in accordance with the Takeovers Code, an announcement of such revision or extension will be published stating the new closing date of the Offer.

4. ANNOUNCEMENTS

- (a) By 6:00 p.m. on Friday, 7 September 2007, which is the first closing date of the Offer, or such later time and/or date as the Executive may in exceptional circumstances permit, the Offeror must inform the Executive and the Stock Exchange of its decisions in relation to revision, extension, or expiry of the Offer. The Offeror shall publish an announcement on the GEM website by 7:00 p.m. on the first closing date of the Offer stating whether the Offer has been revised, extended or has expired. Such announcement will be published on the next business day in accordance with paragraph (b) below. The announcement shall specify the number of Shares and the rights over Shares (i) for which valid acceptances of the Offer have been received, (ii) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and (iii) acquired or agreed to be acquired by the Offeror or any parties acting in concert with it during the Offer Period.

The announcement must also specify the percentages of the relevant classes of share capital and the percentages of voting rights of the Company represented by these numbers of Shares.

- (b) As required under the Takeovers Code and the GEM Listing Rules, all announcements in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be published on the GEM website and made in accordance with the requirements of the GEM Listing Rules.

5. RIGHT OF WITHDRAWAL

Acceptances of the Offer shall be irrevocable and will not be permitted to be withdrawn, except in the circumstances to the effect that if the Offeror is unable to comply with any of the requirements of making announcements under Rule 19 of the Takeovers Code relating to the Offer, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements are met.

6. STAMP DUTY

Stamp duty at a rate of HK\$1 for every HK\$1,000 (or part thereof) of the amounts payable in respect of relevant acceptances, or the market value of the Shares, whichever is greater, will be deducted from the amounts payable to the Shareholders who accept the Offer. The Offeror will then pay such stamp duty deducted to the Stamp Office of the Inland Revenue Department of Hong Kong on behalf of such Shareholders who accept the Offer.

7. TAXATION

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their accepting the Offer. It is emphasised that none of the Offeror, Get Nice or any of their respective directors or any persons involved in the Offer accept responsibility for any tax effects or liabilities of any person or persons as a result of their acceptance of the Offer.

8. OVERSEAS SHAREHOLDERS

The making of the Offer to Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdiction. Overseas Shareholders should obtain appropriate legal advice on, acquaint themselves with and observe any applicable legal requirement. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements.

9. GENERAL

- (a) Acceptance of the Offer by any person or persons holding Shares will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by any such person or persons free from all claims, liens, charges, encumbrances, equities and third party rights and together with all rights attaching thereto, including the right to receive all dividends and distributions declared, made or paid on or after the posting of this document (including the Special Dividend (if any)).
- (b) All communications, notices, Forms of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their respective agents, by ordinary post at their own risk, and none of the Offeror, Get Nice, the Company, the Registrar or any of their respective agents, accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (c) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (d) The accidental omission to despatch this document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (e) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

- (f) Due execution of a Form of Acceptance will constitute an authority to the Offeror, the sole director of the Offeror, Get Nice, or such other person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

- (g) References to the Offer in this document and in the Form of Acceptance shall include any revision thereof.

- (h) The English texts of this document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts.

1. SUMMARY OF FINANCIAL INFORMATION FOR THE THREE YEARS/PERIOD ENDED 30 APRIL 2007

The following is a summary of the audited financial results of the Group for each of the three years/period ended 30 April 2007, as extracted from the audited financial statements of the Group for the relevant periods:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | Year ended 30 April 2007 | Year ended 30 April 2006 | 16 months ended 30 April 2005 |
|---|-------------------------------------|-------------------------------------|--|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | <u>31,833</u> | <u>29,346</u> | <u>63,147</u> |
| Profit/(loss) before income tax | 5 | (436) | (2,924) |
| Income tax expense | <u>(156)</u> | <u>(164)</u> | <u>(36)</u> |
| Loss for the year/period attributable to equity holders of the Company | <u>(151)</u> | <u>(600)</u> | <u>(2,960)</u> |
| Dividend | <u>–</u> | <u>–</u> | <u>–</u> |
| Loss per share for loss attributable to equity holders of the Company during the year/period (HK cents) | | | |
| – basic | (0.1) | (0.3) | (1.5) |
| – diluted | <u>(0.1)</u> | <u>(0.3)</u> | <u>(1.5)</u> |

CONSOLIDATED BALANCE SHEET

| | At 30 April 2007 HK\$'000 | At 30 April 2006 HK\$'000 | At 30 April 2005 HK\$'000 |
|---|------------------------------------|------------------------------------|------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and equipment | 421 | 681 | 1,562 |
| Trademarks | 19,266 | 18,143 | 17,434 |
| Deferred tax assets | – | – | 277 |
| | <u>19,687</u> | <u>18,824</u> | <u>19,273</u> |
| Current assets | | | |
| Inventories | 4,954 | 3,731 | 8,519 |
| Trade receivables | 5,591 | 4,941 | 11,822 |
| Prepayments, deposits and other receivables | 497 | 966 | 1,003 |
| Amount due from a fellow subsidiary | 237 | 130 | – |
| Cash and cash equivalents | 4,180 | 3,761 | 1,742 |
| | <u>15,459</u> | <u>13,529</u> | <u>23,086</u> |
| Total assets | <u><u>35,146</u></u> | <u><u>32,353</u></u> | <u><u>42,359</u></u> |
| EQUITY | | | |
| Capital and reserves attributable to equity holders of the Company | | | |
| Share capital | 2,000 | 2,000 | 2,000 |
| Reserves | 27,221 | 25,747 | 25,353 |
| Total equity | <u><u>29,221</u></u> | <u><u>27,747</u></u> | <u><u>27,353</u></u> |

| | At 30 April 2007 HK\$'000 | At 30 April 2006 HK\$'000 | At 30 April 2005 HK\$'000 |
|--|------------------------------------|------------------------------------|------------------------------------|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | – | – | 622 |
| Deferred tax liabilities | 53 | 50 | – |
| | <u>53</u> | <u>50</u> | <u>–</u> |
| | ----- | ----- | ----- |
| | 53 | 50 | 622 |
| Current liabilities | | | |
| Trade payables | 2,891 | 1,875 | 3,849 |
| Accruals and other payables | 2,917 | 2,192 | 3,425 |
| Borrowings | – | 438 | 7,006 |
| Taxation payable | 64 | 51 | 104 |
| | <u>5,872</u> | <u>4,556</u> | <u>14,384</u> |
| | ----- | ----- | ----- |
| | 5,872 | 4,556 | 14,384 |
| Total liabilities | <u>5,925</u> | <u>4,606</u> | <u>15,006</u> |
| | ----- | ----- | ----- |
| | 5,925 | 4,606 | 15,006 |
| Total equity and liabilities | <u>35,146</u> | <u>32,353</u> | <u>42,359</u> |
| | ----- | ----- | ----- |
| | 35,146 | 32,353 | 42,359 |
| Net current assets | <u>9,587</u> | <u>8,973</u> | <u>8,702</u> |
| | ----- | ----- | ----- |
| | 9,587 | 8,973 | 8,702 |
| Total assets less current liabilities | <u>29,274</u> | <u>27,797</u> | <u>27,975</u> |
| | ----- | ----- | ----- |
| | 29,274 | 27,797 | 27,975 |

Notes:

- Under the prevailing International Financial Reporting Standards, the terms “extraordinary items” and “exceptional items” are no longer in use.
- For each of three years/period ended 30 April 2007, no minority interest was recorded in the audited financial statements of the Group of the relevant year/period.
- No qualified opinion has been expressed by the Company’s auditor in respect of its audited financial statements for each of the three years/period ended 30 April 2007.

2. FINANCIAL STATEMENTS

The following is a summary of the audited consolidated accounts of the Company for the two years ended 30 April 2007, as extracted from the 2007 annual report of the Company:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2007

| | <i>Notes</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|--|--------------|--------------------------------|--------------------------------|
| Revenue | 5 | 31,833 | 29,346 |
| Cost of sales | 8 | <u>(13,837)</u> | <u>(13,808)</u> |
| Gross profit | | 17,996 | 15,538 |
| Other income | 7 | 153 | 555 |
| Selling and distribution costs | 8 | (5,131) | (4,893) |
| General and administrative expenses | 8 | <u>(13,007)</u> | <u>(12,075)</u> |
| Operating profit/(loss) | | 11 | (875) |
| Gain on disposal of a subsidiary | | – | 824 |
| Finance costs | 9 | <u>(6)</u> | <u>(385)</u> |
| Profit/(loss) before income tax | | 5 | (436) |
| Income tax expense | 10 | <u>(156)</u> | <u>(164)</u> |
| Loss for the year, attributable to equity holders of the Company | | <u><u>(151)</u></u> | <u><u>(600)</u></u> |
| Dividend | 11 | <u><u>–</u></u> | <u><u>–</u></u> |
| Loss per share for loss attributable to equity holders of the Company during the year <i>(HK cents)</i> | | | |
| – basic | 12 | (0.1) | (0.3) |
| – diluted | 12 | <u><u>(0.1)</u></u> | <u><u>(0.3)</u></u> |

CONSOLIDATED BALANCE SHEET

At 30 April 2007

| | <i>Notes</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and equipment | <i>14</i> | 421 | 681 |
| Trademarks | <i>15</i> | 19,266 | 18,143 |
| | | <u>19,687</u> | <u>18,824</u> |
| Current assets | | | |
| Inventories | <i>16</i> | 4,954 | 3,731 |
| Trade receivables | <i>17</i> | 5,591 | 4,941 |
| Prepayments, deposits and other receivables | <i>18</i> | 497 | 966 |
| Amount due from a fellow subsidiary | <i>29(c)</i> | 237 | 130 |
| Cash and cash equivalents | <i>19</i> | 4,180 | 3,761 |
| | | <u>15,459</u> | <u>13,529</u> |
| Total assets | | <u><u>35,146</u></u> | <u><u>32,353</u></u> |
| EQUITY | | | |
| Capital and reserves attributable to equity holders of the Company | | | |
| Share capital | <i>25</i> | 2,000 | 2,000 |
| Reserves | <i>26</i> | 27,221 | 25,747 |
| Total equity | | <u><u>29,221</u></u> | <u><u>27,747</u></u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | <i>24</i> | 53 | 50 |
| Current liabilities | | | |
| Trade payables | <i>20</i> | 2,891 | 1,875 |
| Accruals and other payables | <i>21</i> | 2,917 | 2,192 |
| Borrowings | <i>22</i> | – | 438 |
| Taxation payable | | 64 | 51 |
| | | <u>5,872</u> | <u>4,556</u> |
| Total liabilities | | <u><u>5,925</u></u> | <u><u>4,606</u></u> |
| Total equity and liabilities | | <u><u>35,146</u></u> | <u><u>32,353</u></u> |
| Net current assets | | <u><u>9,587</u></u> | <u><u>8,973</u></u> |
| Total assets less current liabilities | | <u><u>29,274</u></u> | <u><u>27,797</u></u> |

BALANCE SHEET*At 30 April 2007*

| | <i>Notes</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and equipment | <i>14</i> | 31 | 45 |
| Investments in subsidiaries | <i>30</i> | 10,238 | 7,957 |
| | | ----- | ----- |
| | | 10,269 | 8,002 |
| | | ----- | ----- |
| Current assets | | | |
| Prepayments, deposits and other receivables | <i>18</i> | 90 | 547 |
| Amounts due from subsidiaries | <i>30</i> | 118 | 86 |
| Cash and cash equivalents | <i>19</i> | 82 | 949 |
| | | ----- | ----- |
| | | 290 | 1,582 |
| | | ----- | ----- |
| Total assets | | 10,559 | 9,584 |
| | | ===== | ===== |
| EQUITY | | | |
| Capital and reserves attributable to equity holders of the Company | | | |
| Share capital | <i>25</i> | 2,000 | 2,000 |
| Reserves | <i>26</i> | (1,045) | 953 |
| | | ----- | ----- |
| Total equity | | 955 | 2,953 |
| | | ===== | ===== |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accruals and other payables | <i>21</i> | 458 | 566 |
| Amounts due to subsidiaries | <i>30</i> | 9,146 | 6,065 |
| | | ----- | ----- |
| | | 9,604 | 6,631 |
| | | ----- | ----- |
| Total liabilities | | 9,604 | 6,631 |
| | | ----- | ----- |
| Total equity and liabilities | | 10,559 | 9,584 |
| | | ===== | ===== |
| Net current liabilities | | (9,314) | (5,049) |
| | | ===== | ===== |
| Total assets less current liabilities | | 955 | 2,953 |
| | | ===== | ===== |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the year ended 30 April 2007*

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|----------------------------------|--------------------------------|--------------------------------|
| Balance at beginning of the year | 27,747 | 27,353 |
| Loss for the year | (151) | (600) |
| Currency translation differences | <u>1,625</u> | <u>994</u> |
| Balance at end of the year | <u><u>29,221</u></u> | <u><u>27,747</u></u> |

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2007

| | <i>Notes</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|--|--------------|--------------------------------|--------------------------------|
| Cash flows from operating activities | | | |
| Cash generated from/(used in) operations | 27(a) | 803 | (2,683) |
| Income tax paid | | (146) | (94) |
| | | <u> </u> | <u> </u> |
| Net cash generated from/(used in) operating activities | | 657 | (2,777) |
| | | ----- | ----- |
| Cash flows from investing activities | | | |
| Interest received | | 153 | 137 |
| Purchase of plant and equipment | | – | (255) |
| Proceeds from disposal of a subsidiary | | – | 11,793 |
| Proceeds from disposal of plant and equipment | 27(a) | 18 | 616 |
| | | <u> </u> | <u> </u> |
| Net cash generated from investing activities | | 171 | 12,291 |
| | | ----- | ----- |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | – | 4,500 |
| Repayments of borrowings | | – | (9,443) |
| Repayments of finance lease obligations | | (44) | (452) |
| Interest paid | | (6) | (385) |
| | | <u> </u> | <u> </u> |
| Net cash used in financing activities | | (50) | (5,780) |
| | | ----- | ----- |
| Net increase in cash and cash equivalents | | 778 | 3,734 |
| Cash and cash equivalents at beginning of the year | | 3,365 | (318) |
| Exchange gains/(losses) on cash and cash equivalents | | 37 | (51) |
| | | <u> </u> | <u> </u> |
| Cash and cash equivalents at end of the year | 27(b) | <u>4,180</u> | <u>3,365</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Byford International Limited (“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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. 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.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements of the Company and its subsidiaries, (together, the “Group”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared under the historical cost convention.

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 Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 May 2006 but are not relevant to or have no significant impact to the Group’s operations:

| | |
|-------------------------------|--|
| IAS 19 (Amendment) | Employee Benefits |
| IAS 21 (Amendment) | New Investment in a Foreign Operation |
| IAS 39 (Amendment) | Cash Flow Hedge Accounting of Forecast Intragroup Transactions |
| IAS 39 (Amendment) | The Fair Value Option |
| IAS 39 and IFRS 4 (Amendment) | Financial Guarantee Contracts |
| IFRS 6 | Exploration for and Evaluation of Mineral Resources |
| IFRS 1 (Amendment) | First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources |
| IFRIC 4 | Determining whether an Arrangement contains a Lease |
| IFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| IFRIC 6 | Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment |

The following new standards and interpretations to existing standards have been issued but are not yet effective and have not been early adopted.

| | |
|----------|---|
| IFRS 7 | Financial Instruments: Disclosures |
| IFRS 8 | Operating Segments |
| IFRIC 7 | Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies |
| IFRIC 8 | Scope of IFRS 2 |
| IFRIC 9 | Reassessment of Embedded Derivatives |
| IFRIC 10 | Interim Financial Reporting and Impairment |
| IFRIC 11 | IFRS 2 – Group and Treasury Share Transactions |
| IFRIC 12 | Service Concession Arrangements |
| IFRIC 13 | Customer Loyalty Programmes |

The Group will apply these new standards and interpretations for accounting periods beginning on or after 1 May 2007, but these changes are not expected to have a significant impact on the Group's results of operations and financial position.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 30 April.

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 values 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.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. 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 provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend 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.

(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 operations, and of borrowings and other currency instruments designed as hedges of such instruments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

(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 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 year in which they are incurred.

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

| | |
|--|--------------|
| Furniture, fixtures and office 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 the proceeds with the carrying amounts and are included in the income statement.

(f) Trademarks

Trademarks that have an indefinite life are carried at historical cost less accumulated impairment, if any, and are tested annually for impairment and when there is indication of impairment.

(g) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. 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). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, 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 the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. 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 the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account of trade receivables. Subsequent recoveries of amounts previously written off are 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.

(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 net of tax, 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. Where such shares are subsequently sold, or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(l) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Borrowings

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

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.

(n) Deferred tax

Deferred tax 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 consolidated financial statements. However, the deferred tax is not accounted for if it 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. Deferred 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 tax asset is realised or the deferred tax liability is settled.

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

Deferred 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.

(o) 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.

(iii) Bonus plan

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(q) Revenue recognition

Revenue comprises the fair value for the sale 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 goods

Sales of goods 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.

(ii) Licensing income

Licensing income is recognised on an accrual 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. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(r) Leases*(i) Operating lease*

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.

(ii) Finance 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.

(s) 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.

3. Financial Risk Factors

Financial assets and financial liabilities carried on the balance sheet include bank balances and cash, trade receivables, trade payables and other borrowings. The accounting policies on recognition and measurement of these items are disclosed in Note 2 to the consolidated 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 operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Singapore dollars and United States dollars. The Group has investments in foreign operation, 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 Hong Kong dollars to ensure that net exposure is kept at an acceptable level.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales 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.

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.

(a) Estimated impairment of trademarks

Trademarks are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(b) 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.

(c) 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 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.

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 estimate has been changed.

5. Revenue

| | 2007 | 2006 |
|------------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Sales of goods | 23,527 | 23,358 |
| Licensing income | 8,306 | 5,988 |
| | <u>31,833</u> | <u>29,346</u> |

6. Segmental Information

Primary reporting format – business segments

As at 30 April 2007, the Group was organised on a worldwide basis into two main business segments, namely:

- (i) Sales of men's innerwear, socks and apparel ("Sales of goods"); and
- (ii) Licensing of the Group's trademarks relating to *Byford* branded men's innerwear, socks and apparel and *Baby-Q* branded fashion for babies' products in return for royalty income ("Licensing").

The segment information by business for the years ended 30 April 2007 and 30 April 2006 are as follows:

| | Sales of goods | | Licensing | | Total | |
|--|----------------|----------|-----------|----------|----------|----------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Total segment revenue | 23,527 | 23,358 | 9,204 | 6,833 | 32,731 | 30,191 |
| Inter-segment revenue | – | – | (898) | (845) | (898) | (845) |
| Revenue | 23,527 | 23,358 | 8,306 | 5,988 | 31,833 | 29,346 |
| Segment results | (134) | (191) | 2,521 | 2,180 | 2,387 | 1,989 |
| Unallocated corporate expenses | | | | | (2,376) | (2,864) |
| Operating profit/(loss) | | | | | 11 | (875) |
| Gain on disposal of a subsidiary | | | | | – | 824 |
| Finance costs | | | | | (6) | (385) |
| Income tax expense | | | | | (156) | (164) |
| Loss for the year | | | | | (151) | (600) |
| Segment assets | 10,463 | 8,797 | 23,710 | 19,905 | 34,173 | 28,702 |
| Unallocated corporate assets | | | | | 973 | 3,651 |
| Total assets | | | | | 35,146 | 32,353 |
| Segment liabilities | 3,463 | 2,472 | 1,485 | 1,029 | 4,948 | 3,501 |
| Borrowings | | | | | – | 438 |
| Unallocated corporate liabilities | | | | | 860 | 566 |
| Taxation payable | | | | | 64 | 51 |
| Deferred tax liabilities | | | | | 53 | 50 |
| Total liabilities | | | | | 5,925 | 4,606 |
| Segment capital expenditures | – | 155 | – | 98 | – | 253 |
| Unallocated corporate capital expenditures | | | | | – | 2 |
| | | | | | – | 255 |
| Segment depreciation | 211 | 414 | 15 | 110 | 226 | 524 |
| Unallocated corporate depreciation | | | | | 10 | 15 |
| | | | | | 236 | 539 |

Segment assets consist primarily plant and equipment, trademarks, inventories, receivables and operating cash.

Segment liabilities comprise operating liabilities. They exclude taxation payable and deferred tax liabilities.

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

Unallocated assets and liabilities represent assets and liabilities not dedicated to a particular segment, consist primarily of taxation and corporate assets and liabilities.

Secondary reporting format – geographical segments

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

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

| | Revenue | | Total assets | | Capital expenditures | |
|-----------|---------------|---------------|---------------|---------------|----------------------|------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Malaysia | 1,152 | 2,219 | 20,312 | 16,591 | – | 56 |
| Singapore | 18,013 | 16,826 | 13,861 | 12,082 | – | 197 |
| Dubai | 5,270 | 5,127 | – | – | – | – |
| Hong Kong | 4,592 | 2,915 | 969 | 3,651 | – | – |
| Others | 2,806 | 2,259 | 4 | 29 | – | 2 |
| | <u>31,833</u> | <u>29,346</u> | <u>35,146</u> | <u>32,353</u> | <u>–</u> | <u>255</u> |

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

7. Other Income

| | 2007 | 2006 |
|--|------------|------------|
| | HK\$'000 | HK\$'000 |
| Interest income | 153 | 137 |
| Write-back of allowance for doubtful debts | – | 256 |
| Gain on disposal of plant and equipment | – | 162 |
| | <u>153</u> | <u>555</u> |

8. Expenses by Nature

- (a) Expenses included in cost of sales, selling and distribution costs and general and administrative expenses are analysed as follows:

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Depreciation of plant and equipment (<i>Note 14</i>) | 236 | 539 |
| Provision for impairment of trade receivables | – | 563 |
| Employment costs (<i>Note 13</i>) | 9,231 | 8,042 |
| Changes in inventories of finished goods | 13,837 | 13,808 |
| Operating lease payments in respect of: | | |
| – office premises and staff quarters | 751 | 839 |
| Net foreign exchange losses | 291 | 118 |
| Auditor's remuneration | 400 | 400 |
| | <u>400</u> | <u>400</u> |

- (b) Loss for the year is dealt with in the financial statements of the Company to the extent of approximately HK\$1,998,000 (2006: HK\$7,039,000).

9. Finance Costs

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|---------------------------|--------------------------------|--------------------------------|
| Interest expenses: | | |
| Bank borrowings | – | 335 |
| Finance lease obligations | 6 | 50 |
| | <u>6</u> | <u>50</u> |
| | <u>6</u> | <u>385</u> |

10. Income Tax Expense

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|----------------------------------|--------------------------------|--------------------------------|
| Current income tax | | |
| – Overseas taxation | 119 | 115 |
| – Under-provision in prior years | 37 | – |
| | <u>156</u> | <u>115</u> |
| Deferred tax (<i>Note 24</i>) | | |
| – Current year | – | 28 |
| – Under-provision in prior years | – | 21 |
| | <u>–</u> | <u>49</u> |
| | <u>156</u> | <u>164</u> |

The Company is an exempted company incorporated in the Cayman Islands, as such, it is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

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 year at the rates of taxation prevailing in the countries in which the Group operates.

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Profit/(loss) before income tax | 5 | (436) |
| Calculated at a taxation rate of 17.5% (2006: 17.5%) | 1 | (76) |
| Effect of different taxation rates in other countries | 53 | 585 |
| Income not subject to taxation | (1,535) | (1,361) |
| Expenses not deductible for taxation purposes | 1,652 | 707 |
| Utilisation of tax losses not recognised in prior years | (52) | – |
| Tax losses for which no deferred tax asset was recognised | – | 288 |
| Under-provision in prior years | 37 | 21 |
| | <u>156</u> | <u>164</u> |

11. Dividend

The Directors do not recommend the payment of a dividend for the year ended 30 April 2007 (2006: Nil).

12. Loss Per Share

(a) Basic

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

| | 2007 | 2006 |
|--|----------------|----------------|
| Loss for the year, attributable to equity holders of the Company (<i>HK\$'000</i>) | <u>151</u> | <u>600</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>200,000</u> | <u>200,000</u> |
| Basic loss per share (<i>HK cents</i>) | <u>0.1</u> | <u>0.3</u> |

(b) Diluted

There are no outstanding options under the Company's share options schemes and accordingly there is no dilutive effect on loss for the years ended 30 April 2007 and 30 April 2006 respectively.

13. Employment Costs (Including Directors' Emoluments)

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|----------------------------------|--------------------------------|--------------------------------|
| Salaries, bonuses and allowances | 8,765 | 7,324 |
| Pension costs | | |
| – defined contribution plans | 435 | 499 |
| Staff welfare and benefits | 31 | 219 |
| | <u>9,231</u> | <u>8,042</u> |

(a) The number of persons employed at the end of the year:

| | 2007 | 2006 |
|-----------|-------------|-------------|
| Full time | <u>36</u> | <u>40</u> |

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (“MPF Scheme”), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees’ earnings as defined under the Mandatory Provident Fund legislation. Both the Group’s and the employees’ contributions are subjected to a cap of HK\$1,000 per month.

(b) As stipulated by rules and regulations in certain overseas countries, the Group contributes to retirement plans for its employees in the respective locations, which are defined contribution plans. The Group and its employees contribute approximately 6%-13% and 11%-20% respectively, of the employees’ salary as specified by the local jurisdiction, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

During the year ended 30 April 2007, the aggregate amount of the Group’s contributions to the aforementioned pension schemes were approximately HK\$435,000 (2006: HK\$499,000). As at 30 April 2007, the Group was not entitled to any forfeited contributions to reduce the Group’s future contributions (2006: Nil).

(c) Directors' emoluments

The emoluments of each director for the year ended 30 April 2007 is set out below:

| Name of Directors | Fees <i>HK\$</i> | Salary <i>HK\$</i> | Discretionary bonuses <i>HK\$</i> | Other benefits <i>HK\$</i> | Employer's contribution to pension scheme <i>HK\$</i> | Total <i>HK\$</i> |
|---|---------------------|-----------------------|---|----------------------------------|--|----------------------|
| Executive directors | | | | | | |
| Wang Lu Yen | 12,000 | – | – | – | – | 12,000 |
| Norman Janelle <i>(i)</i> | 12,000 | 1,300,000 | 715,000 | – | – | 2,027,000 |
| Chai Sing Hong | 12,000 | – | – | – | – | 12,000 |
| Lin Jui Hsien, Jacob | 12,000 | – | – | – | – | 12,000 |
| Non-executive director | | | | | | |
| Md Wira Dani Bin Abdul Daim | 12,000 | – | – | – | – | 12,000 |
| Alternate director | | | | | | |
| Choong Khuat Leok <i>(ii)</i> | – | 192,000 | 64,000 | 79,583 | 3,000 | 338,583 |
| Independent non- executive directors | | | | | | |
| Chow Chi Kiong | 80,000 | – | – | – | – | 80,000 |
| Yue Kwai Wa, Ken | 80,000 | – | – | – | – | 80,000 |
| Liew Swee Yean, Ivan | 80,000 | – | – | – | – | 80,000 |
| | <u>300,000</u> | <u>1,492,000</u> | <u>779,000</u> | <u>79,583</u> | <u>3,000</u> | <u>2,653,583</u> |

Notes:

- (i) Appointed with effect from 1 May 2006.
- (ii) Resigned with effect from 31 July 2006.

The emoluments of each director for the year ended 30 April 2006 is set out below:

| Name of Directors | Fees HK\$ | Salary HK\$ | Discretionary bonuses HK\$ | Other benefits HK\$ | Employer's contribution to | Total HK\$ |
|--|----------------|----------------|----------------------------------|---------------------------|----------------------------------|------------------|
| | | | | | pension scheme HK\$ | |
| Executive directors | | | | | | |
| Wang Lu Yen | 12,000 | – | – | – | – | 12,000 |
| Chai Sing Hong | 12,000 | – | – | – | – | 12,000 |
| Lin Jui Hsien, Jacob | 12,000 | – | – | – | – | 12,000 |
| Liu Tsun Kie (i) | 12,000 | 580,353 | 32,461 | – | 31,387 | 656,201 |
| Non-executive directors | | | | | | |
| Md Wira Dani Bin Abdul Daim | 12,000 | – | – | – | – | 12,000 |
| George Chen (i) | 12,000 | – | – | – | – | 12,000 |
| Alternate director | | | | | | |
| Choong Khuat Leok (ii) | – | 348,000 | – | 420,000 | 12,000 | 780,000 |
| Independent non-executive directors | | | | | | |
| Chow Chi Kiong | 80,000 | – | – | – | – | 80,000 |
| Yue Kwai Wa, Ken | 80,000 | – | – | – | – | 80,000 |
| Chong Tao Boon, Vincent (iii) | 72,584 | – | – | – | – | 72,584 |
| Liew Swee Yean, Ivan (iv) | 7,640 | – | – | – | – | 7,640 |
| | <u>312,224</u> | <u>928,353</u> | <u>32,461</u> | <u>420,000</u> | <u>43,387</u> | <u>1,736,425</u> |

Notes:

- (i) Resigned with effect from 30 April 2006.
- (ii) Resigned with effect from 31 July 2006.
- (iii) Resigned with effect from 28 March 2006.
- (iv) Appointed with effect from 28 March 2006.

None of the Directors' waived or agreed to waive any emoluments during the years ended 30 April 2007 and 30 April 2006 respectively.

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2006: two) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2006: three) individuals during the year are as follows:

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Salaries and allowances | 2,295 | 1,733 |
| Discretionary bonuses | 181 | 107 |
| Pension costs – defined contribution plan | 105 | 78 |
| | <u>2,581</u> | <u>1,918</u> |

The emoluments fell within the following bands:

| | Number of individuals | |
|---------------------|------------------------------|-------------|
| | 2007 | 2006 |
| Nil – HK\$1,000,000 | <u>4</u> | <u>3</u> |

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

14. Plant and Equipment**The Group**

| | Furniture, fixtures and office equipment <i>HK\$'000</i> | Motor vehicles <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---------------------------------------|--|--|---------------------------------|
| At 1 May 2005 | | | |
| Cost | 3,791 | 2,619 | 6,410 |
| Accumulated depreciation | (3,138) | (1,710) | (4,848) |
| Net book amount | <u>653</u> | <u>909</u> | <u>1,562</u> |
| Year ended 30 April 2006 | | | |
| Opening net book amount | 653 | 909 | 1,562 |
| Additions | 255 | – | 255 |
| Disposal (<i>Note 27</i>) | (9) | (454) | (463) |
| Disposal of a subsidiary | (130) | (37) | (167) |
| Depreciation charge (<i>Note 8</i>) | (181) | (358) | (539) |
| Exchange differences | 16 | 17 | 33 |
| Closing net book amount | <u>604</u> | <u>77</u> | <u>681</u> |
| At 30 April 2006 | | | |
| Cost | 2,168 | 1,804 | 3,972 |
| Accumulated depreciation | (1,564) | (1,727) | (3,291) |
| Net book amount | <u>604</u> | <u>77</u> | <u>681</u> |

| | Furniture, fixtures and office equipment <i>HK\$'000</i> | Motor vehicles <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---------------------------------------|--|--|---------------------------------|
| Year ended 30 April 2007 | | | |
| Opening net book amount | 604 | 77 | 681 |
| Disposal (<i>Note 27</i>) | (50) | – | (50) |
| Depreciation charge (<i>Note 8</i>) | (158) | (78) | (236) |
| Exchange differences | 25 | 1 | 26 |
| | <u>421</u> | <u>–</u> | <u>421</u> |
| Closing net book amount | <u>421</u> | <u>–</u> | <u>421</u> |
| At 30 April 2007 | | | |
| Cost | 2,187 | 1,793 | 3,980 |
| Accumulated depreciation | (1,766) | (1,793) | (3,559) |
| | <u>421</u> | <u>–</u> | <u>421</u> |
| Net book amount | <u>421</u> | <u>–</u> | <u>421</u> |

Depreciation expense has been charged to general and administrative expenses.

The Company

| | Furniture, fixtures and office equipment <i>HK\$'000</i> |
|---------------------------------|--|
| At 1 May 2005 | |
| Cost | 79 |
| Accumulated depreciation | (22) |
| | <u>57</u> |
| Net book amount | <u>57</u> |
| Year ended 30 April 2006 | |
| Opening net book amount | 57 |
| Additions | 2 |
| Disposal | (1) |
| Depreciation charge | (13) |
| | <u>45</u> |
| Closing net book amount | <u>45</u> |
| At 30 April 2006 | |
| Cost | 79 |
| Accumulated depreciation | (34) |
| | <u>45</u> |
| Net book amount | <u>45</u> |

**Furniture,
fixtures and office
equipment**
HK\$'000

Year ended 30 April 2007

| | |
|-------------------------|-------|
| Opening net book amount | 45 |
| Disposal | (4) |
| Depreciation charge | (10) |
| | _____ |
| Closing net book amount | 31 |

At 30 April 2007

| | |
|--------------------------|-------|
| Cost | 61 |
| Accumulated depreciation | (30) |
| | _____ |
| Net book amount | 31 |

Depreciation expense has been charged to general and administrative expenses.

15. Trademarks

HK\$'000

At 1 May 2005

| | |
|--------------------------|---------|
| Cost | 21,642 |
| Accumulated amortisation | (4,208) |
| | _____ |
| Net book amount | 17,434 |

Year ended 30 April 2006

| | |
|-------------------------|--------|
| Opening net book amount | 17,434 |
| Exchange differences | 709 |
| | _____ |
| Closing net book amount | 18,143 |

At 30 April 2006

| | |
|--------------------------|---------|
| Cost | 22,363 |
| Accumulated amortisation | (4,220) |
| | _____ |
| Net book amount | 18,143 |

Year ended 30 April 2007

| | |
|-------------------------|--------|
| Opening net book amount | 18,143 |
| Exchange differences | 1,123 |
| | _____ |
| Closing net book amount | 19,266 |

At 30 April 2007

| | |
|--------------------------|---------|
| Cost | 23,887 |
| Accumulated amortisation | (4,621) |
| | _____ |
| Net book amount | 19,266 |

Trademarks are allocated to the Group's cash-generating units identified according to country of operation and business segment. The trademarks are allocated in the segment of licensing and approximately HK\$16,136,000 (2006: HK\$15,162,000) and HK\$3,130,000 (2006: HK\$2,981,000) under location of Malaysia and Singapore respectively (Note 6).

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The value-in-use calculation of trademarks is calculated using cash flow projections based on financial budgets approved by management covering a five-year period, and cash flows beyond the five-year period are extrapolated using estimated growth rate of approximately 3.5%.

Management determined financial budgets based on past performance and its expectations for the market development. The discount rates used in the value-in-use calculations of trademarks are approximately 14.4% and 14.9%, which reflect specific risks relating to the relevant segment.

At 30 April 2007, the net book value of trademarks that had been pledged to a bank to secure banking facilities granted to the Group amounting to approximately HK\$16,136,000 (2006: HK\$15,162,000) (Note 22).

16. Inventories

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Finished goods | 4,954 | 3,731 |

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$13,837,000 (2006: HK\$13,808,000).

17. Trade Receivables

The credit terms granted to customers range from 30 to 90 days. The ageing analysis of trade receivables is as follows:

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| 0-30 days | 2,500 | 2,012 |
| 31-60 days | 1,633 | 951 |
| 61-90 days | 1,252 | 1,418 |
| 91-120 days | 202 | 598 |
| 121-180 days | 2 | 61 |
| 181-365 days | 2 | 463 |
| Over 365 days | 616 | 13 |
| | 6,207 | 5,516 |
| Less: Provision for impairment of trade receivables | (616) | (575) |
| | 5,591 | 4,941 |

Trade receivables are denominated in the following currencies:

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|-----------------------|--------------------------------|--------------------------------|
| Hong Kong dollars | 507 | 261 |
| Singapore dollars | 3,400 | 3,997 |
| Malaysian ringgit | – | 212 |
| United States dollars | 2,207 | 886 |
| Others | 93 | 160 |
| | <u>6,207</u> | <u>5,516</u> |

The carrying amounts of trade receivables approximate their fair values.

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are internationally disposed. Due to these factors, management believes that no additional significant credit risk beyond amounts provided for impairment (collection losses) is inherent in the Group's trade receivables.

18. Prepayments, Deposits and Other Receivables

| | Group | | Company | |
|-------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
| Prepayments | 276 | 746 | 90 | 547 |
| Other receivables | 221 | 220 | – | – |
| | <u>497</u> | <u>966</u> | <u>90</u> | <u>547</u> |

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

19. Cash and Cash Equivalents

Cash and cash equivalents comprised:

| | Group | | Company | |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
| Bank deposits with original maturity | | | | |
| – under three months | 759 | 1,916 | – | – |
| Cash at banks and in hand | 3,421 | 1,845 | 82 | 949 |
| | <u>4,180</u> | <u>3,761</u> | <u>82</u> | <u>949</u> |

Cash and cash equivalents are denominated in the following currencies:

| | Group | | Company | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| Hong Kong dollars | 2,427 | 3,051 | 82 | 949 |
| Singapore dollars | 1,106 | 10 | – | – |
| Malaysian ringgit | 496 | 700 | – | – |
| United States dollars | 151 | – | – | – |
| | <u>4,180</u> | <u>3,761</u> | <u>82</u> | <u>949</u> |

The effective interest rate on bank deposits was 4.5% (2006: 3.72%) per annum. These deposits have an average maturity of seven days (2006: seven days).

20. Trade Payables

The ageing analysis of trade payables is as follows:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|------------|------------------|------------------|
| 0-30 days | 1,661 | 1,133 |
| 31-60 days | 845 | 742 |
| 61-90 days | 385 | – |
| | <u>2,891</u> | <u>1,875</u> |

Trade payables are denominated in the following currencies:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|-----------------------|------------------|------------------|
| Hong Kong dollars | 1,013 | 887 |
| Singapore dollars | 637 | 545 |
| United States dollars | 1,241 | 443 |
| | <u>2,891</u> | <u>1,875</u> |

The carrying amounts of trade payables approximate their fair values.

21. Accruals and Other Payables

| | Group | | Company | |
|------------------|------------------|------------------|------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| Accrued expenses | 2,515 | 1,863 | 458 | 566 |
| Other payables | 402 | 329 | – | – |
| | <u>2,917</u> | <u>2,192</u> | <u>458</u> | <u>566</u> |

The carrying amounts of accruals and other payables approximate their fair values.

22. Borrowings

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Current | | |
| Bank overdrafts (<i>Note 27(b)</i>) | – | 396 |
| Finance lease obligations (<i>Note 23</i>) | – | 42 |
| | <u>–</u> | <u>438</u> |

As at 30 April 2006, the bank overdrafts and short-term bank loans bore interest at 7.5% per annum. The weighted average effective interest rates at the balance sheet date were as follows:

| | 2007 % | 2006 % |
|--|------------------|------------------|
| Bank overdrafts | Nil | 7.5 |
| Finance lease obligations (<i>Note 23</i>) | Nil | 2.6 |
| | <u>Nil</u> | <u>2.6</u> |

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

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|-------------------|--------------------------------|--------------------------------|
| Singapore dollars | – | 438 |
| | <u>–</u> | <u>438</u> |

At 30 April 2007, there was a fixed and floating debenture over the assets of a subsidiary of the Company amounting to HK\$10,463,000 (2006: HK\$10,293,000), which included inventories amounting to HK\$4,954,000 (2006: HK\$3,731,000), trade receivables amounting to HK\$3,802,000 (2006: HK\$4,288,000), cash and cash equivalents amounting to HK\$1,106,000 (2006: HK\$10,000), plant and equipment amounting to HK\$352,000 (2006: HK\$541,000) and other assets amounting to HK\$249,000 (2006: HK\$1,723,000). In addition, there was a charge over the Group's trademark with a net book value amounting to HK\$16,136,000 (2006: HK\$15,162,000) to cover banking facilities in the ordinary course of business.

23. Finance Lease Obligations

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Minimum lease payments due: | | |
| – Not later than one year | – | 48 |
| Future finance charges on finance lease obligations | – | (6) |
| | <u>–</u> | <u>(6)</u> |
| Present value of finance lease obligations | – | 42 |
| | <u>–</u> | <u>42</u> |

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

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|-------------------------|--------------------------------|--------------------------------|
| Not later than one year | – | 42 |
| | <u>–</u> | <u>42</u> |

24. Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes related to the same fiscal authority. The offset amounts are as follows:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|------------------|------------------|
| Deferred tax liabilities to be settled after more than 12 months | 53 | 50 |

The gross movements on the deferred tax account is as follows:

| | Deferred tax assets | | Deferred tax liabilities | | Total | |
|--|---------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| At beginning of the year | 37 | 277 | (87) | – | (50) | 277 |
| Credited/(charged) to the income statement | – | 36 | – | (85) | – | (49) |
| Disposal of a subsidiary | – | (277) | – | – | – | (277) |
| Exchange differences | 1 | 1 | (4) | (2) | (3) | (1) |
| At end of the year | 38 | 37 | (91) | (87) | (53) | (50) |

The movement in deferred tax assets/liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

| | Tax loss | | Provisions | | Total | |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| At beginning of year | – | 277 | 37 | – | 37 | 277 |
| Credited to income statement | – | – | – | 36 | – | 36 |
| Disposal of a subsidiary | – | (277) | – | – | – | (277) |
| Exchange differences | – | – | 1 | 1 | 1 | 1 |
| At end of year | – | – | 38 | 37 | 38 | 37 |

Deferred tax liabilities

| | Tax depreciation | |
|-----------------------------|------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 |
| At beginning of year | (87) | – |
| Charged to income statement | – | (85) |
| Exchange differences | (4) | (2) |
| At end of year | (91) | (87) |

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of approximately HK\$210,000 (2006: HK\$288,000) in respect of losses amounting to approximately HK\$1,169,000 (2006: HK\$1,443,000) that can be carried forward against future taxable income.

25. Share Capital

| | Number of shares '000 | Amount HK\$'000 |
|------------------------------------|--------------------------|--------------------|
| Authorised: | | |
| Ordinary shares of HK\$0.01 each | | |
| At 30 April 2007 and 30 April 2006 | 1,000,000 | 10,000 |
| Issued and fully paid: | | |
| At 30 April 2007 and 30 April 2006 | 200,000 | 2,000 |

26. Reserves

(a) Group

| | Share premium HK\$'000 | Special reserve HK\$'000 | Translation reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|-------------------------------------|------------------------------|--------------------------------|------------------------------------|-----------------------------------|-------------------|
| At 1 May 2005 | 18,428 | 8,023 | 360 | (1,458) | 25,353 |
| Loss for the year | – | – | – | (600) | (600) |
| Currency translation differences | – | – | 994 | – | 994 |
| At 30 April 2006 | 18,428 | 8,023 | 1,354 | (2,058) | 25,747 |
| Loss for the year | – | – | – | (151) | (151) |
| Currency translation differences | – | – | 1,625 | – | 1,625 |
| At 30 April 2007 | 18,428 | 8,023 | 2,979 | (2,209) | 27,221 |

(b) Company

| | Share premium HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|-------------------|------------------------------|-----------------------------------|-------------------|
| At 1 May 2005 | 18,428 | (10,436) | 7,992 |
| Loss for the year | – | (7,039) | (7,039) |
| At 30 April 2006 | 18,428 | (17,475) | 953 |
| Loss for the year | – | (1,998) | (1,998) |
| At 30 April 2007 | 18,428 | (19,473) | (1,045) |

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.

27. Notes to the Consolidated Cash Flow Statement

(a) Cash generated from/(used in) operations

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| Profit/(loss) before income tax | 5 | (436) |
| Adjustments for: | | |
| Depreciation on plant and equipment | 236 | 539 |
| Loss/(gain) on disposal of plant and equipment and plant and equipment written off | 32 | (153) |
| Gain on disposal of a subsidiary | – | (824) |
| Interest expense | 6 | 385 |
| Interest income | (153) | (137) |
| Exchange loss on operating activities | 173 | 324 |
| Changes in working capital: | | |
| Inventories | (1,037) | (751) |
| Trade receivables | (389) | 1,357 |
| Prepayments, deposits and other receivables | 485 | (234) |
| Balance with a fellow subsidiary | (101) | (130) |
| Trade payables | 922 | (1,363) |
| Accruals and other payables | 624 | (1,260) |
| | <u>803</u> | <u>(2,683)</u> |

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| Net book amount (<i>Note 14</i>) | 50 | 463 |
| (Loss)/gain on disposal of plant and equipment and plant and equipment written off | (32) | 153 |
| | <u>18</u> | <u>616</u> |

(b) For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|------------------|------------------|
| Bank balance and cash | 4,180 | 3,761 |
| Less: Bank overdrafts (<i>Note 22</i>) | – | (396) |
| | <u>4,180</u> | <u>3,365</u> |

28. Commitments**Operating lease commitments – where the Group is the lessee**

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

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|-------------------------|--------------------------------|--------------------------------|
| Not later than one year | <u>195</u> | <u>191</u> |

29. Related Party Transactions

(a) During the year, the Group had the following related party transactions:

| Identity of related parties | Nature of transactions | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|--|-------------------------------|--------------------------------|--------------------------------|
| Midway Enterprises (Guang Zhou) Ltd., a fellow subsidiary | Licensing income | 450 | 249 |
| Midway Enterprises (Guang Zhou) Ltd., a fellow subsidiary | Purchase | 58 | 77 |
| | | <u> </u> | <u> </u> |

(b) Key management compensation

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|----------------------------------|--------------------------------|--------------------------------|
| Salaries, bonuses and allowances | 2,651 | 1,693 |
| Pension costs | | |
| – defined contribution plans | <u>3</u> | <u>43</u> |
| | <u>2,654</u> | <u>1,736</u> |

(c) Balance with a fellow subsidiary

The amount due from a fellow subsidiary was unsecured, non-interest bearing and was repayable on demand.

30. Subsidiaries

| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Unlisted shares, at cost | 1 | 1 |
| Amounts due from subsidiaries | <u>10,355</u> | <u>8,042</u> |
| Total | 10,356 | 8,043 |
| Less: Current portion of amounts due from subsidiaries | <u>(118)</u> | <u>(86)</u> |
| | <u>10,238</u> | <u>7,957</u> |

Particulars of the Company's subsidiaries, all of which are wholly owned by the Company, as at 30 April 2007 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 | Dormant |
| Byford Marketing (S) Pte. Ltd. | Singapore, limited liability company | 50,000 ordinary shares of S\$10 each | Sales and distribution of men's innerwear, socks 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 | Dormant |
| Donald Byford & Sons Pte. Ltd. | Singapore, limited liability company | 2 ordinary shares of S\$1 each | Worldwide licensing |
| Donald Byford & Sons Sdn. Bhd. | Malaysia, limited liability company | 2,440,000 ordinary shares of RM1 each | Worldwide licensing |

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 year or at any time during the year.

The balances with the subsidiaries were unsecured, non-interest bearing and repayable on demand.

31. Events After the Balance Sheet Date

On 14 June 2007, D Byford Holdings Limited ("D Byford"), a wholly owned subsidiary of the Company, and EUT Marketing (S) Pte. Ltd. ("EUT"), an independent third party, entered into a sale and purchase agreement pursuant to which D Byford agrees to sell, and EUT agrees to purchase 100% equity interests in Byford Marketing (S) Pte. Ltd. ("BMS"), at a cash consideration ("Consideration") of S\$1,355,456 (approximately HK\$6,988,053) (subject to adjustment) ("Disposal"). Completion of the Disposal took place on 18 June 2007.

Given that the Consideration received by the Group for the Disposal was determined by reference to the unaudited net asset value of BMS as at 31 January 2007 and will be adjusted in accordance with the adjusted net asset value, being the amount of the total assets less the amount of the total liabilities as shown on the audited completion accounts, save for the expenses which will be incurred by the Group in connection with the Disposal, the Group is not expected to record any book gain or loss for the sole reason of the Disposal. The expenses incurred in relation to the Disposal are estimated to be approximately HK\$380,000.

The Group, through a subsidiary, entered into a licensing agreement on 14 June 2007 with BMS for the manufacture and distribution of licensed merchandise under the Byford trade mark(s) for men's innerwear and outerwear in the territories of Singapore, Brunei and Mauritius and for men's outerwear in the territory of Malaysia.

The assets, liabilities and results of BMS are all reflected in the segment of sales of goods (Note 6).

And the non-current assets of approximately BMS are mainly plant and equipment amounted to approximately HK\$352,000 which is included in the segment assets of sales of goods.

32. Ultimate Holding Company

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 from February 1996 to April 2007, became the ultimate holding company of the Company.

Upon the voluntary delisting proposal from RI Special Holdings Bermuda Limited ("RI Special"), a company incorporated in Bermuda, having been approved by Roly's shareholders on 26 March 2007 and its implementation, RI Special became the controlling shareholder of the Company and Megastar Holdings Limited, a company incorporated in the British Virgin Islands, became the ultimate holding company of the Company. The ultimate controlling party of the Group is Mr. Wang Lu Yen, a director of the Company.

33. Approval of Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors on 18 July 2007.

2. INDEBTEDNESS

At the close of business on 30 June 2007 (being the latest practicable date for the purpose of this indebtedness statement), the Group, on a consolidated basis, did not have any bank or other borrowings. Banking facilities granted to the Group requiring collateral security were secured by a fixed charge over the Group's trademark with a net book value of approximately HK\$16,105,055 as at 30 June 2007. Guarantee granted to a former subsidiary namely, Byford Marketing (S) Pte. Ltd. was for an amount up to approximately HK\$10,307,000. This guarantee was fully indemnified by the purchaser of Byford Marketing (S) Pte. Ltd.

Save as disclosed above and apart from intra-group liabilities, at the close of business on 30 June 2007, the Group did not have any outstanding mortgages, charges, debenture, loan capital issued and outstanding or agreed to be issued, bank loan and overdraft or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantee or other material contingent liabilities.

3. MATERIAL CHANGE

Save for (i) the disposal of the entire issued share capital of Byford Marketing (S) Pte. Ltd. as disclosed in the Company's announcement dated 22 June 2007 and in the Company's circular dated 30 July 2007 and (ii) the proposed disposal of the Trade Marks pursuant to the Trade Mark Disposal Agreement, the Directors are not aware of any material change in the financial or trading position or outlook of the Group since 30 April 2007, being the date to which the latest audited consolidated financial statements of the Group was made up.

1. RESPONSIBILITY STATEMENT

The information in this document (other than those in relation to the Offeror and parties acting in concert with it) have been supplied by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than those in relation to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document (other than those in relation to the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this document (other than those in relation to the Offeror and parties acting in concert with it) the omission of which would make any statement contained herein misleading.

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this document (other than that in relation to the Offeror and parties acting in concert with it) 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 document (other than that in relation to the Offeror and parties acting in concert with it) misleading; and (3) all opinions expressed in this document (other than that in relation to the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The information contained in this document (other than those in relation to the Group) have been supplied by the sole director of the Offeror, who accepts full responsibility for the accuracy of the information contained in this document (other than those in relation to the Group), and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this document (other than that in relation to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this document (other than those in relation to the Group) the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company as at the Latest Practicable Date was as follows:

| | | |
|----------------------|--------|----------------------|
| <i>Authorised:</i> | | <i>HK\$</i> |
| <u>1,000,000,000</u> | Shares | <u>10,000,000.00</u> |
| <i>Issued:</i> | | |
| <u>200,000,000</u> | Shares | <u>2,000,000</u> |

All the existing issued Shares are fully paid up and rank pari passu in all respects including all rights as to dividends, voting rights and capital.

Since 30 April 2007, the date to which the latest audited financial statement of the Company was made, and up to the Latest Practicable Date, no Share has been issued by the Company.

As at the Latest Practicable Date, there were no outstanding options, warrants or securities convertible into Shares.

3. MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last day on which trading took place in each of the six calendar months immediately preceding 27 July 2007, the date of the Announcement; (ii) 16 July 2007, being the Last Trading Day; and (iii) the Latest Practicable Date:

| Date | Closing price per Share HK\$ |
|--|---|
| 31 January 2007 | 0.320 |
| 28 February 2007 | 0.460 |
| 30 March 2007 | 0.241 |
| 30 April 2007 | 0.420 |
| 31 May 2007 | 0.530 |
| 29 June 2007 | 0.570 |
| 16 July 2007, being the Last Trading Day | 0.990 |
| 31 July 2007 | 5.05 |
| Latest Practicable Date | 6.15 |

The lowest and highest closing prices per Share recorded on the Stock Exchange during the Relevant Period were HK\$0.241 on 30 March 2007 and HK\$8.860 on 3 August 2007.

4. DISCLOSURE OF INTERESTS

(A) Interests of the Offeror, its directors and parties acting in concert with it in the Company

The followings are details of the interests in the Company owned or controlled by the Offeror and parties acting in concert with it as at the Latest Practicable Date:

The Offeror

As at the Latest Practicable Date, the Offeror and parties acting in concert with it owned or controlled approximately 74.63% of the total issued share capital of the Company.

Director of the Offeror

Ms. Chan is the sole director of the Offeror. As at the Latest Practicable Date, Ms. Chan is deemed to be interested in approximately 74.63% of the total issued share capital of the Company through the Offeror.

Other concert parties of the Offeror

As at the Latest Practicable Date, other concert parties of the Offeror (other than the Offeror) did not own or control any issued share capital of the Company.

(B) Interests of Directors in the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities Futures Ordinance (“SFO”)) which are required 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 to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange.

(C) Interests of substantial shareholders and other persons in the Company

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

| Name of Shareholder | Capacity | Number of issued Shares held | Percentage of issued share capital |
|----------------------------|--|-------------------------------------|---|
| Upper Run | Beneficial owner | 149,254,990 | 74.63% |
| Ms. Chan | Interest of a controlled corporation (<i>Note</i>) | 149,254,990 | 74.63% |

Note: Ms. Chan is the sole beneficial owner and the sole director of Upper Run. Ms. Chan is thus deemed to be interested in the Shares held by Upper Run

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, there is no other person who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or, had a direct or indirect interests amounting to 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiaries of the Company, or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

(D) Interest in the Offeror

- (a) As at the Latest Practicable Date, the Company did not have any interest in the securities of the Offeror.
- (b) As at the Latest Practicable Date, none of the Directors had any interest in the securities of the Offeror.

(E) Dealings in securities of the Company and the Offeror

- (a) *Dealings in securities of the Company by the Offeror and others*

Save for the S&P Agreements, there had been no dealings in the Shares, options, warrants, derivatives or securities convertible into the Shares by the sole director of the Offeror, the Offeror and parties acting in concert with it during the Relevant Period.

Pursuant to the Takeovers Code, as the Offer is made through Get Nice, and Veda Capital is the financial adviser to the Offeror, each of Get Nice and Veda Capital is deemed to be acting in concert with the Offeror for the purpose of the Offer. Neither Get Nice nor Veda Capital is a Shareholder nor has dealt for value in the Shares, options, warrants, derivatives or securities convertible into the Shares during the Relevant Period.

(b) Dealings in securities of the Company by the Directors

Save for the disposal of Shares by Mr. Wang Lu Yen (pursuant to the S&P Agreement I) and Mr. Abdul Daim (pursuant to the S&P Agreement III), none of the Directors had dealt in any securities of the Company during the Relevant Period. Mr. Chai, a former executive Director, pursuant to the S&P Agreement II, had dealt in the securities of the Company during the Relevant Period.

(c) Dealings in securities of the Company by others

None of the subsidiaries of the Company, any pension fund of the Company and of its subsidiaries, any adviser to the Company as specified in class (2) of the definition of associate in the Takeovers Code, any persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code, any fund manager connected with the Company who managed the shareholdings in the Company on a discretionary basis had dealt in any securities of the Company during the Relevant Period.

(d) Dealings in securities of the Offeror by the Company and the Directors

None of the Company or the Directors had dealt in any securities of the Offeror during the Relevant Period.

(F) Service contracts

Pursuant to the appointment letter dated 27 June 2006 signed by the Company and Mr. Abdul Daim, Mr. Abdul Daim was appointed as a non-executive Director for a fixed term of two years commencing from 4 May 2006 and expiring on 3 May 2008. He is entitled to an annual director's fee of HK\$12,000.

Pursuant to the appointment letter dated 18 July 2007 signed by the Company and Mr. Chow Chi Kiong, Mr. Chow Chi Kiong was appointed as an independent non-executive Director for a fixed term of two years commencing from 7 May 2007 and expiring on 6 May 2009. He is entitled to an annual director's fee of HK\$80,000.

Pursuant to the appointment letter dated 18 July 2007 signed by the Company and Mr. Yue Kwai Wa, Ken, Mr. Yue Kwai Wa, Ken was appointed as an independent non-executive Director for a fixed term of two years commencing from 7 May 2007 and expiring on 6 May 2009. He is entitled to an annual director's fee of HK\$80,000.

Pursuant to the appointment letter dated 28 March 2006 signed by the Company and Mr. Liew Swee Yean, Ivan, Mr. Liew Swee Yean, Ivan was appointed as an independent non-executive Director for a fixed term of two years commencing from 28 March 2006 and expiring on 27 March 2008. He is entitled to an annual director's fee of HK\$80,000.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had a service contract with the Group or any associated companies of the Company which:

- (a) had been entered into or amended within six months prior to the date of the Announcement;
- (b) were continuous contracts with a notice period of 12 months or more;
- (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; or
- (d) was not determinable by the Company within one year without payment of compensation other than statutory compensation.

(G) Miscellaneous

- (a) As at the Latest Practicable Date, save for the Trade Mark Disposal Agreement and the proposed distribution of the Special Dividend, there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Offeror and parties acting in concert with it and any of the Directors, recent Directors, Shareholders, recent Shareholders, or any other person which are conditional upon the outcome of the Offer or otherwise connected with or depend upon the Offer.
- (b) As at the Latest Practicable Date, save for the Trade Mark Disposal Agreement and the proposed distribution of the Special Dividend, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, no benefit had been given or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.
- (d) As at the Latest Practicable Date, there was no shareholding in the Company owned or controlled by any persons who, prior to the posting of this document, have irrevocably committed themselves to accept or reject the Offer and there was no person who had irrevocably committed to accepting or rejecting the Offer.
- (e) No arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror, or any person acting in concert with the Offeror, and any other person as at the Latest Practicable Date.
- (f) No shareholding in the Company was owned or controlled by a person who has an arrangement of the kind referred to in note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate as at the Latest Practicable Date.

- (g) No shareholding in the Company was owned or controlled by a subsidiary of the Company, or by a pension fund of any member of the Group, or by any advisers to the Company as specified in class (2) of the definition of associate in the Takeovers Code as at the Latest Practicable Date.
- (h) None of the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code had any arrangement or indemnity of the kind as described in Note 8 to Rule 22 of the Takeovers Code as at the Latest Practicable Date.
- (i) No shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company as at the Latest Practicable Date.
- (j) None of the Directors was interested in any Shares as at the Latest Practicable Date and none of them is expected to participate in the Offer.
- (k) Save for (i) the S&P Agreements in which Mr. Wang Lu Yen (an executive Director) and Mr. Abdul Daim (a non-executive Director) have material interests and (ii) the Trade Mark Disposal Agreement in which Mr. Wang Lu Yen has material interests, no material contracts have been entered into by the Offeror in which any Director has a material personal interest. The S&P Agreement II was entered into by the Offeror in which Mr. Chai, a former executive Director, had a material personal interest.
- (l) As at the Latest Practicable Date, there were no agreements or arrangements to which the Offeror was a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group on or after 27 July 2005, being two years immediately preceding 27 July 2007 (i.e. the date of the Announcement), and up to the Latest Practicable Date and are or may be material:

- (a) the conditional sale and purchase agreement dated 14 June 2007 entered into between D Byford Holdings Limited (“**D Byford**”), a wholly owned subsidiary of the Company, and EUT Marketing (S) Pte. Ltd. (“**EUT**”), a company incorporated in Singapore, in relation to the disposal by D Byford of 100% equity interests in Byford Marketing (S) Pte. Ltd., a wholly owned subsidiary of D Byford, to EUT at a consideration of S\$1,355,456 (approximately HK\$6,988,053) (subject to adjustment) (details of such transactions are set out in the announcement and the circular of the Company dated 22 June 2007 and 30 July 2007 respectively); and

- (b) the Trade Mark Disposal Agreement.

Save as disclosed above, there are no other contracts, not being contracts entered into the ordinary course of business, which were entered into by the Group on or after 27 July 2005, being two years immediately preceding 27 July 2007, the date of the Announcement and up to the Latest Practicable Date and are or may be material.

7. GENERAL

- (a) The registered office of the Offeror is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The correspondence address of the Offeror in Hong Kong is Units 1508-1510, 15/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.
- (b) The principal members of the Offeror's concert group comprise (i) the Offeror and Ms. Chan, being the sole director and beneficial owner of the Offeror; (ii) Veda Capital, being the financial adviser to the Offeror in respect of the Offer; and (iii) Get Nice which makes the Offer on behalf of the Offeror and granted a loan facility to the Offeror in respect of the Offer.
- (c) The registered address of Veda Capital is at Flat 11-12, 13/F, Nam Fung Tower, 173 Des Voeux Road Central, Hong Kong.
- (d) The registered address of Get Nice is at 10/F Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong.
- (e) The registered address of Partners Capital is at Room 3906, 39/F, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong.
- (f) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (g) The head office and principal place of business of the Company in Hong Kong is at Suites 401-409, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (h) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (i) As at the Latest Practicable Date, the executive Directors were Mr. Wang Lu Yen (Chairman), Mr. Norman Janelle (Chief Executive Officer) and Mr. Lin Jui Hsien, Jacob, the non-executive Director was Mr. Abdul Daim and the independent non-executive Directors were Mr. Chow Chi Kiong, Mr. Yue Kwai Wa, Ken and Mr. Liew Swee Yean, Ivan.
- (j) The English text of this document and of the Forms of Acceptance shall prevail over the Chinese text for the purpose of interpretations.

8. CONSENTS AND QUALIFICATIONS

The following are the qualifications of the experts contained in this document:

| Name | Qualifications |
|------------------|---|
| Get Nice | A licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 regulated activities (dealing in securities, advising on securities, advising on corporate finance and asset management respectively) |
| Veda Capital | A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, one of the joint financial advisers to the Offeror in respect of the Offer |
| Partners Capital | A licensed corporation under the SFO permitted to engage in types 1 and 6 regulated activities (dealing in securities and advising on corporate finance respectively) |

Get Nice, Veda Capital and Partners Capital have given and have not withdrawn their respective written consents to the issue of this document with the inclusion herein of their letters, advice, reports (as the case may be) and the reference to their names, in the form and context in which they respectively appear.

None of Get Nice, Veda Capital and Partners Capital has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. DIRECTORS' INTEREST IN ASSETS

Save for the proposed acquisition of various "*Baby-Q*" and related trademarks contemplated under the Trade Mark Disposal Agreement in which Mr. Wang Lu Yen, an executive Director and the chairman of the Company, had an indirect interest, none of the Directors has since 30 April 2007, being the date to which the latest published audited accounts of the Company were made up, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DIRECTORS' INTEREST IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group as a whole.

11. COMPETING BUSINESS

None of the Directors and management Shareholders has any business or interest which competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

12. PROFESSIONAL QUALIFICATIONS

- (a) The company secretary and the qualified accountant of the Company are Ms. Cheung Hoi Yin, Brenda and Mr. Yung Tak Wai, Tony respectively. Ms. Cheung Hoi Yin, Brenda is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators, the UK. Mr. Yung Tak Wai, Tony is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of the Association of Chartered Certified Accountants.
- (b) The compliance officer of the Company is Mr. Lin Jui Hsien, Jacob.

13. 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 fee; discussing with the 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 to supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three members, namely Mr. Chow Chi Kiong (chairman of the audit committee), Mr. Yue Kwai Wa, Ken and Mr. Liew Swee Yean, Ivan, who are all independent non-executive Directors, further details of whom are set out below:

Mr. Chow Chi Kiong, aged 60, has been an independent non-executive director of the Company since 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 41, has been an independent non-executive director of the Company since 2003. Mr. Yue is an executive director of Winkas Capital Limited, a financial and business consulting services company. Mr. Yue is currently an independent non-executive director of Sungreen International Holdings Limited, the shares of which are listed on GEM. 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. Mr. Yue has over 15 years of experience in accounting and auditing. Mr. Yue is a member of the American Institute of Certified Public Accountants, a member of the Colorado Society of Certified Public Accountants and also a member of the Hong Kong Securities Institute holding a Specialist Certificate in Corporate Finance and a Practising Certificate in Corporate Finance.

Mr. Liew Swee Yean, Ivan, aged 43, has been an independent non-executive director of the Company since 28 March 2006. He has over 18 years of experience in accounting and corporate finance. Mr. Liew currently acts as a director of business development of eBroker Systems Limited (“eBroker”) which is a leading financial engineering company and technology provider of global trading solutions for the financial industry in the Asia Pacific region. On 8 November 2006, Mr. Liew was appointed as an independent non-executive director of Ultra Group Holdings Limited, the shares of which are listed on GEM of the Stock Exchange. Before joining eBroker, he mainly worked for a few listed companies on the Main Board of the Stock Exchange and private companies as the financial controller. Mr. Liew holds a Master Degree of Business Administration (Executive) from the City University of Hong Kong. He is also a fellow member of the Association of Chartered Certified Accountants as well as the Hong Kong Institute of Certified Public Accountants.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:30 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong is at Suites 401-409, Jardine House, 1 Connaught Place, Central, Hong Kong, (ii) on the website specially set up for this purpose at www.hklistco.com/8272, and (iii) on the website of the SFC at www.sfc.hk, from the date of this document until the end of the Offer Period:

- (a) the memorandum and articles of association of each of the Company and the Offeror;
- (b) the annual reports of the Company for the two years ended 30 April 2007;
- (c) a copy of the “Letter from the Board” as set out on pages 6 to 16 of this document;
- (d) a copy of the “Letter from Get Nice” containing details of the Offer as set out on pages 17 to 21 of this document;

- (e) a copy of the “Letter from the Independent Board Committee” containing the recommendations of the Independent Board Committee to the Offer Independent Shareholders regarding the Offer and the Trade Mark Independent Shareholders in connection with the Trade Mark Disposal Agreement as set out on pages 22 to 23 of this document;
- (f) a copy of the “Letter from Partners Capital” to the Independent Board Committee as set out on pages 24 to 46 of this document;
- (g) copies of the letters of consent from Get Nice, Veda Capital and Partners Capital referred to in the paragraph headed “Consents and qualifications” in this Appendix;
- (h) a copy of the facility letter dated 26 July 2007 entered into between the Offeror and Get Nice in relation to the provision of HK\$33 million from Get Nice to the Offeror for the Offer;
- (i) copies of the contracts referred to in the paragraph headed “Material contracts” in this Appendix;
- (j) copies of the letter of appointment referred to in the paragraph headed “Service contracts” in this Appendix;
- (k) the S&P Agreements; and
- (l) this document.

NOTICE OF EGM



BYFORD INTERNATIONAL LIMITED

百富國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8272)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Byford International Limited (“**Company**”) will be held at Suites 401-409, Jardine House, 1 Connaught Place, Central, Hong Kong on Monday, 3 September 2007 at 3:00 p.m. to consider and, if thought fit, pass the following resolution as an ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

“**THAT:**

- (a) the transactions as contemplated under the conditional agreement for sale and purchase of various “*Baby-Q*” and related trademarks legally and beneficially owned by certain wholly owned subsidiaries of the Company dated 20 July 2007 entered into between the Company as vendor and Wonderful World (HK) Limited as purchaser (“**Trade Mark Disposal Agreement**”) (a copy of the Trade Mark Disposal Agreement has been produced to this meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) be and are hereby approved; and
- (b) the directors of the Company (“**Directors**”) or a duly authorised committee thereof be and are hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreement, documents and instruments) which are in their opinion necessary, appropriate, desirable or expedient to implement or to give effect to or in connection with the Trade Mark Disposal Agreement or any of the transactions contemplated thereby and all matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and/or waiver of all matters relating thereto which, in the opinion of the Directors, are not material to the transactions contemplated thereby and are in the best interest of the Company.”

By Order of the Board

Wang Lu Yen

Chairman and Executive Director

Hong Kong, 17 August 2007

* *For identification purpose only*

NOTICE OF EGM

*Head office and principal place of
business in Hong Kong:*

Suites 401-409

Jardine House

1 Connaught Place

Central

Hong Kong

Notes:

- (1) A member entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or, if he/she is the holder of two or more shares, more than one proxy to attend and vote on his/her behalf and such proxy need not be a member of the Company. A form of proxy for use at the extraordinary general meeting is enclosed with a composite offer document of the Company dated 17 August 2007. The resolution put forward in the extraordinary general meeting will be voted on by way of a poll.
- (2) In order to be valid, the form of proxy together with any power of attorney or authority, if any, under which it is signed or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof (as the case may be).
- (3) Completion and return of the form or proxy will not preclude a shareholder of the Company from attending and voting in person at the extraordinary general meeting convened or any adjournment thereof (as the case may be) and in such event, the authority of the proxy shall be deemed to be revoked.
- (4) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto to if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the executive Directors are Mr. Wang Lu Yen, Mr. Norman Janelle and Mr. Lin Jui Hsien, Jacob, the non-executive Director is Mr. Md Wira Dani Bin Abdul Daim and the independent non-executive Directors are Mr. Chow Chi Kiong, Mr. Yue Kwai Wa, Ken and Mr. Liew Swee Yean, Ivan.