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Byford International Limited

百富國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8272)

PLACING OF NON-LISTED WARRANTS AND RESUMPTION OF TRADING

Financial adviser to the Company

VEDA | CAPITAL
智略資本

Placing Agent

Excalibur


PLACING OF WARRANTS

The Company entered into the Placing Agreement with the Placing Agent on 15 October 2007 pursuant to which the Company appointed the Placing Agent as sole and exclusive placing agent to procure not fewer than six Placees to subscribe for 20,000,000 (or 200,000,000 upon the Share Subdivision becoming effective) Warrants, on a fully underwritten basis, at the Issue Price of HK\$0.15 (or HK\$0.015 upon the Share Subdivision becoming effective) per Warrant.

The Warrants entitle the Placees to subscribe for the Subscription Shares at an initial Subscription Price of HK\$12.00 (or HK1.20 upon the Share Subdivision becoming effective) per Subscription Share for a period of 18 months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one Subscription Share. The Subscription Shares will be issued under the Specific Mandate to be sought at the EGM.

It is expected the net proceeds of approximately HK\$2.8 million will be raised by the Placing and the same will be utilized by the Group as its general working capital.

Assuming full exercise of the subscription rights attaching to the Warrants, it is expected HK\$240 million will be raised additionally. The net proceeds of approximately HK\$239 million will be utilized by the Group for its general working capital and as funds for future development of the existing business of the Group and other business when investment opportunities arise. As at the date of this announcement, the Company did not have any specific development and investment plans.

The Company will apply to the Listing Committee of GEM for the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to Rule 21.02(1) of the GEM Listing Rules, the Subscription Shares to be issued on exercise of the warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 23 of the GEM Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, there are no other securities with rights to subscribe for Shares outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants, 20,000,000 (or 200,000,000 upon the Share Subdivision becoming effective) Subscription Shares, representing (i) 10% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of all of the Subscription Shares, assuming no further Shares are issued and repurchased. Accordingly, the issue of the Warrants is in compliance with Rule 21.02(1) of the GEM Listing Rules.

GENERAL

A circular containing, among other things, details of (i) the Placing Agreement; (ii) the allotment and issue of the Subscription Shares under the Specific Mandate upon exercise of the subscription rights attaching to the Warrants; and (iii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 15 October 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 October 2007.

THE PLACING AGREEMENT

Date: 15 October 2007

Parties: (i) Issuer: the Company
(ii) Placing Agent: Excalibur Securities Limited

Information on the Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent will receive a commission equal to 2.5% of the Issue Price multiplied by the aggregate number of units of the Warrants underwritten by the Placing Agent.

Information on the Warrants

A total number of 20,000,000 (or 200,000,000 upon the Share Subdivision becoming effective) Warrants is proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 20,000,000 (or 200,000,000 upon the Share Subdivision becoming effective) Subscription Shares, representing (i) approximately 10% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the issue and allotment of all of the Subscription Shares, assuming no further Shares are issued and repurchased.

The Warrants will be issued to the Placees on Completion in registered form and constituted by the instrument creating the Warrants. The Warrants will rank *pari passu* in all respects among themselves.

Each Warrant will be issued at the Issue Price, which carries the right to subscribe for one Subscription Share at the Subscription Price (subject to adjustment).

The subscription rights attaching to the Warrants may be exercised in integral multiples of 100,000 (or 1,000,000 upon the Share Subdivision becoming effective) Warrants at any time during a period of 18 months commencing from the date of issue of the Warrants, unless there are less than 100,000 (or 1,000,000 upon the Share Subdivision becoming effective) Warrants outstanding, the whole but not in part may be exercised.

The Subscription Shares, when fully paid and allotted, will rank *pari passu* in all respects with the then Shares in issue on the date of allotment and issue of the relevant Subscription Shares.

The Placees

The Placing Agent will procure not less than six Placees to subscribe for the aggregate of 20,000,000 (or 200,000,000 upon the Share Subdivision becoming effective) Warrants on a fully underwritten basis. The Placees shall be independent institutional or private investors and each of them and their respective ultimate beneficial owners will be an Independent Third Party prior to and immediately after Completion. Immediately upon the exercise of the subscription rights attaching to the Warrants, it is expected that none of the Placees will become a substantial Shareholder.

Issue Price and Subscription Price

The Issue Price is HK\$0.15 (or HK\$0.015 upon Share Subdivision becoming effective) per Warrant payable in cash.

The Subscription Price is HK\$12.00 (or HK\$1.20 upon Share Subdivision becoming effective) per Subscription Share, subject to adjustment based on the prescribed formulas as set out in the instrument creating the Warrants for the happening of the following normal adjustment events:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);

- (iii) a capital distribution other than the issue of Shares credited as fully paid or partly paid out of profits or reserves and issued in lieu of a cash dividend being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders;
- (iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (v) an offer of new Shares for subscription by way of rights, or a grant of option or warrants to subscribe for new Shares, at a price which is less than 80% of the market price of the Shares on the date of this announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons) being made by the Company to the Shareholders;
- (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share initially receivable for such securities is less than 80% of the market price of the Shares on the date of this announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the Shareholders), or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80% of such market price;
- (vii) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares on the date of this announcement of the issue (whether or not such issue is subject to the approval of the Shareholders); and
- (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognized stock exchange, being a stock exchange recognized for this purpose by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

The Board noted the overriding principle as set out in the Stock Exchange's letter dated 5 September 2005 to all issuers is that no adjustment to the exercise price or number of shares should be to the advantage of the share option scheme participants without prior shareholders' approval. Adjustment will be made to the Subscription Price if and only if in the event of, among other things, subdivision or consolidation of Shares, bonus issues, rights issues and other dilutive events as set out above. The Directors believe that the adjustment considerations set out in the Warrants as above in general accord with the overriding principle.

Every adjustment to the Subscription Price shall be certified by the auditors of the Company or an approved merchant bank.

The Subscription Price of HK\$12.00 represents (i) a discount of 40% to the closing price of HK\$20.00 per Share as quoted on the Stock Exchange on 12 October 2007, being the last trading day immediately prior to the entering into of the Placing Agreement; and (ii) a discount of approximately 44.13% to the average of the closing prices of approximately HK\$21.48 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 October 2007.

The aggregate of the Issue Price of HK\$0.15 and the Subscription Price of HK\$12.00 represents (i) a discount of approximately 39.25% to the closing price of HK\$20.00 per Share as quoted on the Stock Exchange on 12 October 2007, being the last trading day immediately prior to the entering into of the Placing Agreement; and (ii) a discount of approximately 43.44% to the average closing price of approximately HK\$21.48 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 October 2007.

The Board considers that both the Subscription Price and the aggregate of it with the Issue Price, taking into account the recent increase in trading prices of the Shares and an exercise period of 18 months, are fair and reasonable, which are determined after arm's length negotiation between the Company and the Placing Agent, and are in the interests of the Company and the Shareholders as a whole.

Minimum subscription

Subscription for the Warrants must be for a minimum of 100,000 (or 1,000,000 upon the Share Subdivision becoming effective) Warrants or integral multiples thereof (or such other denomination as may be agreed between the Company and the Placing Agent).

Transferability

The Warrants are transferable only to Independent Third Parties in integral multiples of 100,000 (or 1,000,000 upon the Share Subdivision becoming effective) Warrants, unless there are less than 100,000 (or 1,000,000 upon the Share Subdivision becoming effective) Warrants outstanding, the whole but not in part may be transferred.

The Company undertakes to comply with the GEM Listing Rules and to make necessary announcement, where appropriate, if and when the Placees make any transfer of the Warrants to other parties requiring disclosure.

Conditions precedent

Completion shall be subject to and conditional upon, among other things, the following:

- (a) (if required) the Listing Committee of GEM shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object and the satisfaction of such conditions;
- (b) the Listing Committee of GEM shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Placees shall reasonably object) the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants;
- (c) the passing of the necessary resolution(s) by the Shareholders at the EGM approving the Placing Agreement and all transactions contemplated thereby, including the granting of the Specific Mandate to the Directors to allot and issue the Subscription Shares; and
- (d) no event having occurred or occurring which would constitute an event of default or a potential event of default (both terms as defined in the instrument creating the Warrants) had the Warrants been issued.

If the above conditions are not fulfilled on or before 5:00 p.m. 20 December 2007 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Completion

Completion will take place on or before the fourth Business Day after the fulfillment of the conditions referred to in the section headed “Conditions precedent” in this announcement above.

Rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE WARRANT PLACING

The Group was principally engaged in the sourcing, sale and distribution of men’s innerwear and socks under the *Byford* brand name. As stated in the first quarterly report 2007 of the Company, the Group no longer has any sales and distribution of men’s innerwear, socks and apparel operation immediately after the disposal of its wholly-owned subsidiary as announced in this announcement of the Company dated 22 June 2007. Currently, the Group is principally engaged in brand management and licensing business. The Group would consider other related businesses, should suitable opportunities arise. It has been the Board’s intention to launch men’s outerwear in the markets of the PRC, Hong Kong and Macau and to expand the product range to accessories and other products through the licensing business of the Group and to apply the men’s outerwear line extension program to other selected markets. As at the date of this announcement, no suitable investment has been identified nor had there been any concrete plan or arrangement made requiring disclosure pursuant to Rule 17.10 of the GEM Listing Rules.

Given the principal activities of the Group as mentioned above, a solid financial position is no doubt advantageous for the maintenance and growth of its principal business and perhaps, further development in related business when appropriate opportunities arise. The Directors consider that the Placing would be a good opportunity to raise capital for the Company in that it will not have an immediate dilution effect on the shareholding of the existing Shareholders and approximately HK\$2.8 million, net of expenses, will be raised immediately upon completion of the Placing. Although the immediate funds raised are not essential to financing the operations of the Group, the Directors are of the view that the Placing would provide further funds of approximately HK\$240 million during a period of 18 months commencing from the date of issue of the Warrants if and when the Warrants are exercised in full.

In view of the above, the Directors consider that the terms of the Placing Agreement which have been arrived at after arm's length negotiations between the Company and the Placing Agent are fair and reasonable and the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

It is expected that the net proceeds of approximately HK\$2.8 million (with a net issue price of approximately HK\$0.14 (or HK\$0.014 upon the Share Subdivision becoming effective) per Warrant) will be raised by the Placing and the same will be utilized by the Group as its general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that HK\$240 million will be raised. The net proceeds of approximately HK\$239 million (with a net subscription price of approximately HK\$11.95 (or HK\$1.195 upon the Share Subdivision becoming effective) per Warrant) will be utilized by the Group for its general working capital and as funds for future development of the existing business of the Group and other business when investment opportunities arise. As at the date of this announcement, the Company did not have any specific development and investment plans.

FUND RAISING ACTIVITIES OVER THE PAST 12 MONTHS

There had been no fund raising activities carried out by the Company during the past twelve months immediately preceding the date of this announcement.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 200,000,000 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants (assuming full subscription of the Warrants today and no Shares are further issued or repurchased) are as follows:

	As at the date of this announcement		Assuming full exercise of the subscription rights attaching to the Warrants today and no Shares are further issued or repurchased	
	No. of Shares	Approximate percentage (%)	No. of Shares	Approximate percentage (%)
Upper Run Investments Limited <i>(Note 1)</i>	149,254,990	74.63	149,254,990	67.84
Public Shareholders:				
The Placees	–	–	20,000,000	9.09
Other public Shareholders	50,745,010	25.37	50,745,010	23.07
Total	<u>200,000,000</u>	<u>100.00</u>	<u>220,000,000</u>	<u>100.00</u>

Note:

- Upper Run Investments Limited, incorporated in the British Virgin Islands, is a wholly and beneficially owned by Ms. Chan Yuen Fan Winky who does not hold any position in the Group as at the date of this announcement.*

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to Rule 21.02(1) of the GEM Listing Rules, the Subscription Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 23 of the GEM Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, there are no securities with subscription rights outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants, 20,000,000 (or 200,000,000 upon the Share Subdivision becoming effective) Subscription Shares, representing (i) 10% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of all of the Subscription Shares, assuming no Shares are further issued or repurchased. Accordingly, the issue of the Warrants is in compliance with Rule 21.02(1) of the GEM Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 15 October 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 October 2007.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Byford International Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve, among others, the Placing Agreement and the Specific Mandate
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company and is not a connected person (as defined in the GEM Listing Rules) of the Company
“Issue Price”	HK\$0.15 (or HK\$0.015 upon the Share Subdivision becoming effective) per Warrant to be issued pursuant to the Warrant Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Placee(s)”	any person or entity whom the Placing Agent have procured to subscribe for the Warrants
“Placing”	a private placing of the Warrants at the Issue Price pursuant to the Placing Agreement
“Placing Agent”	Excalibur Securities Limited, a licensed corporation under the Securities and Futures Commission of Hong Kong carrying out type 1 regulated activity (Dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 15 October 2007 entered into between the Company and the Placing Agent in relation to the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each or ordinary shares of HK\$0.001 each (upon the Share Subdivision becoming effective) in the share capital of the Company (as the case may be)
“Shareholders”	holders of the Shares
“Share Subdivision”	the proposed subdivision of the existing ordinary shares of the Company of par value of HK\$0.01 each to 10 ordinary shares of the Company of par value of HK\$0.001 each as announced by the Company on 25 September 2007
“Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the EGM to allot and issue the Subscription Shares which may be issued on exercise of the Warrants
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	an initial subscription price of HK\$12.00 (or HK\$1.20 upon the Share Subdivision becoming effective) per Subscription Share (subject to adjustment) at which holder of the Warrants may subscribe for the Subscription Shares
“Subscription Share(s)”	new Share(s) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrant(s)
“Warrant(s)”	20,000,000 (or 200,000,000 upon the Share Subdivision becoming effective) non-listed warrants to be issued by the Company at the Issue Price, each entitles the holder thereof to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) at any time during a period of 18 months commencing from the date of issue of the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent

By order of the Board
Man Tsz Sai Lavender
Company Secretary

Hong Kong, 15 October 2007

As at the date of this announcement, Ms. Fong Man Julisa and Ms. Wong Yuet May Jeremy are executive Directors, and Mr. Chan Tak Yan, Mr. Chiu Kwok Wing Benedict and Mr. Orr Joseph Wai Shing are independent non-executive Directors.

This announcement, 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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company’s website at www.donaldbyford.com.

* *for identification purpose only*