



BYFORD INTERNATIONAL LIMITED

百富國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8272

FIRST QUARTERLY REPORT 2008/2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (“**Directors**”) of Byford International Limited (“**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

Condensed Consolidated Financial Statements

The board of directors (“**Board**”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the three months ended 31 July 2008 together with comparative unaudited figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 July 2008

		Three months ended 31 July	
		2008 (Unaudited) HKD'000	2007 (Unaudited) (Restated) HKD'000
	Notes		
Turnover	3	2,515	6,248
Cost of sales		(9)	(2,487)
Gross profit		2,506	3,761
Other income		32	46
Selling and distribution costs		(556)	(902)
General and administrative expenses		(4,127)	(3,011)
Finance costs		(33)	–
Loss before tax		(2,178)	(106)
Income tax expense	4	(2)	(6)
Loss for the period, attributable to equity holders of the Company		(2,180)	(112)
Dividend	5	–	–
Loss per share	6	HK cent	HK cent
– basic		(0.11)	(0.01)
– diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 July 2008

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
(Unaudited)							
At 1 May 2007	2,000	18,428	–	8,023	2,979	(2,209)	29,221
Loss for the period	–	–	–	–	–	(112)	(112)
Currency translation differences	–	–	–	–	(892)	–	(892)
At 31 July 2007	2,000	18,428	–	8,023	2,087	(2,321)	28,217
(Unaudited)							
At 1 May 2008	2,002	20,676	68,088	8,023	3,554	(85,556)	16,787
Loss for the period	–	–	–	–	–	(2,180)	(2,180)
Currency translation differences	–	–	–	–	(590)	–	(590)
At 31 July 2008	2,002	20,676	68,088	8,023	2,964	(87,736)	14,017

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 shares exchange at the time of the group reorganisation.

Notes to the Condensed Consolidated Financial Statements

For the three months ended 31 July 2008

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business is Unit 1505-1510, 15/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. The shares of the Company have been listed on the GEM of the Stock Exchange since 27 June 2003.

The Company is an investment holding company. The condensed consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and on the historical cost basis except for certain financial instruments, which are measured at fair values. The principal accounting policies applied in the preparation of these condensed consolidated financial information are consistent with those applied in the preparation of the consolidated financial statements of the Company for the year ended 30 April 2008.

3. SEGMENTAL INFORMATION

Primary reporting format – business segments

During the period under review, the Group was organised on a worldwide basis into two main business segments, namely:

- (i) Sale of innerwear, socks and apparel (“**Sale of goods**”); and
- (ii) Licensing of the Group’s trademarks in return for royalty income (“**Licensing**”).

The following table provides an analysis of the Group’s turnover by business segments:

	Three months ended 31 July	
	2008 (Unaudited) HKD’000	2007 (Unaudited) HKD’000
Sale of goods	1	4,131
Licensing	2,514	2,117
	2,515	6,248

Notes to the Condensed Consolidated Financial Statements

For the three months ended 31 July 2008

3. SEGMENTAL INFORMATION *(continued)*

Secondary reporting format – geographical segments

The following table provides an analysis of the Group's turnover by geographical locations.

	Three months ended 31 July	
	2008 (Unaudited) HKD'000	2007 (Unaudited) HKD'000
Malaysia	234	241
Singapore	286	3,453
Dubai	294	757
Hong Kong, Macau & PRC	1,471	1,258
Others	230	539
	2,515	6,248

Turnover is based on the location of customers.

4. INCOME TAX EXPENSE

	Three months ended 31 July	
	2008 (Unaudited) HKD'000	2007 (Unaudited) HKD'000
The charge comprises:		
UK income tax	2	–
Malaysia income tax	–	6
	2	6

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

5. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 July 2008 (three months ended 31 July 2007: Nil).

Notes to the Condensed Consolidated Financial Statements

For the three months ended 31 July 2008

6. LOSS PER SHARE

	Three months ended 31 July	
	2008 (Unaudited) HKD'000	2007 (Unaudited) HKD'000
Loss for the period, attributable to equity holders of the Company	(2,180)	(112)
	'000	'000 (Restated)
Weighted average number of ordinary shares in issue	2,002,000	2,000,000
Basic loss per share (HK cents)	(0.11)	(0.01)

Pursuant to the resolutions passed at the extraordinary general meeting held on 29 October 2007, the Company subdivided each of the existing and unissued shares of HK\$0.01 each in the share capital of the Company into 10 shares of HK\$0.001 each. Comparative figures for 2007 is restated using the same increase in number of shares.

No diluted loss per share has been presented for the three months ended 31 July 2008 as the outstanding share options and warrants during the period have anti-dilutive effect on the basic loss per share.

No diluted loss per share had been presented for the three months ended 31 July 2007 as there was no diluting event during the period.

Management Discussion and Analysis

BUSINESS REVIEW

Revenue

The Group's revenue for the three months ended 31 July 2008 ("**Reporting Period**") decreased by HK\$3,733,000 or 59.7% to HK\$2,515,000 as compared to HK\$6,248,000 in last corresponding period ("**Prior Period**"). The decline is mainly due to the disposal of a principal subsidiary, Byford Marketing (S) Pte. Ltd. ("**BMS**") on 18 June 2007, which was involved in the sale of goods comprising mainly men's innerwear, socks and apparel.

Licensing income

Royalty income from licensing of trademarks during the Reporting Period was increased by HK\$397,000 to HK\$2,514,000 as compared to HK\$2,117,000 in Prior Period. The increase was due to the successful effort of our licensees to promote popularity of Byford brand especially in the markets of Hong Kong and PRC.

Loss for the period

Loss attributable to equity holders for the Reporting Period was HK\$2,180,000 as compared to a loss of HK\$112,000 in Prior Period. The increase in loss was mainly due to the lost of contribution from BMS after its disposal in last year. On the other hand, the Group has been exploring business opportunities in the pharmaceutical and related industries, certain initial expenses were incurred but no revenue has yet been generated. Such initial expenses incurred during the Reporting Period amounted to HK\$430,000 (Prior Period: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

There was no major financing activity during the Reporting Period. The 398,000,000 unlisted warrants at the exercise price of HK\$1.2 per share brought forward from last year end remained outstanding as at the Reporting Period end. The Board considered that there was no material change in fair value of the warrants during the Reporting Period.

The Group ended the Reporting Period with net bank balances and cash of HK\$3,302,000 (as at 30 April 2008: HK\$5,442,000), net current liability of HK\$3,096,000 (as at 30 April 2008: HK\$940,000) and borrowing of HK\$1,000,000 (as at 30 April 2008: HK\$1,000,000). Gearing ratio, calculated as borrowing over total equity, stood at 7.1% as compared to 6.0% as at last year ended 30 April 2008. The Board has closely monitored the liquidity position of the Group and is satisfied that liquidity can be maintained in the foreseeable future taking into consideration, but not limited to, the financial support from its ultimate holding company and creditor.

HUMAN RESOURCES

At 31 July 2008, the Group employed a total of 18 employees compared with 11 as at 31 July 2007. The increase in number of employees was to strengthen the administrative functions to support the development in brand management and trading business.

PROSPECTS AND OUTLOOK

Stepping into 2008, the Group will continue to focus on brand management and licensing of the “Byford” brand. The Group expects that China, being one of the most important market in which our licensees operate, will experience continuous economic growth, thus stimulating domestic spending on premium products. While growing into a global lifestyle brand with luxury component, Byford is also aware of the importance of strategic expansion into new categories, which allow further development and intensification across the expanding portfolio of Byford brand products. Besides, the Group will continue to seek and identify unique international brands with character and market potential to form distribution and equity partnerships.

After disposal of BMS in last year, the Group has re-positioned its sale of goods business to concentrate on the sourcing and distribution of apparel products for some reputable buying companies, the Broad believes that such platform of business will continue to grow and will have favorable contribution in the near future. Besides, the Group is exploring business opportunities that can utilize our internal resources most efficiently, including but not limited to sales order negotiation, administration and fulfillment services for our business partners.

With the increasing disposable income and medical expenditure per capita, the Group is also optimistic on the future development of pharmaceutical business in China. Besides critically examining and gathering further information relating to the intended acquisition as mentioned in our announcement dated 23 November 2007, the Group will continue to devote efforts to seek for investment opportunities that can maximize the benefits to our shareholders.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 July 2008, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in underlying shares of the Company

The interest in the underlying shares of the Company arise from share options granted to the Director of the Company under the Company's share option scheme, details of which are as follows:

Name of Director	Date of grant	Exercisable period	Exercise price per share HK\$	Aggregate long position in underlying shares of the Company (Note)	Approximate percentage of interest in the Company's issued share capital
Ms. Wong Yuet May Jeremy	27.10.2007	27.10.2007 – 27.10.2010	2.320	20,000,000	0.99%

Note: The above interest constitutes a long position of the Director in a physically settled equity derivative for the purpose of the SFO.

Save as disclosed above, as at 31 July 2008, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which that was required to be recorded pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 July 2008, the following persons or companies (other than directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO and were directly or indirectly interest in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group were as follows:

Long position in the shares of the Company

Name of shareholders	Capacity	Note	No. of Shares	Approximate percentage of the Company's issued share capital
Upper Run Investments Limited ("Upper Run")	Beneficial owner	1	1,250,099,900	62.44%
Ms. Chan Yuen Fan Winky ("Ms. Chan")	Interest through a controlled corporation	1	1,250,099,900	62.44%
Chow Tai Fook Nominee Limited ("Chow Tai Fook")	Beneficial owner	2	110,000,000	5.50%
Dr. Cheng Yu Tung ("Dr. Cheng")	Interest through a controlled corporation	2	110,000,000	5.50%
Ms. Leong Angela On Kei	Beneficial owner	2	110,000,000	5.50%

Notes:

- These shares are beneficially owned by Upper Run, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by Ms. Chan. Accordingly, Ms. Chan is deemed to be interested in the 1,250,099,900 shares.
- These shares are beneficially owned by Chow Tai Fook, a company incorporated in Hong Kong, whose entire issued share capital is wholly and beneficially owned by Dr. Cheng. Accordingly, Dr. Cheng is deemed to be interested in the 110,000,000 shares in which Chow Tai Fook is interested.

Save as disclosed above, as at 31 July 2008, no person, other than the Directors or chief executive of the Company whose interests are set out in the section “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS” and shareholders, whose interests are set out in the section “SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES” above, had registered interests or short positions in the share capital, underlying shares that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTIONS

The Company adopted a share option scheme on 10 June 2003 (“**Share Option Scheme**”) to provide incentive to the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company. During the Reporting Period, no share option was granted pursuant to the Share Option Scheme and movements in the number of share options previously granted are set out below:

Eligible person	Date of grant	Exercise price per share HK\$	Exercise period	Movement of option shares during the period				
				Balance as at 01.05.2008	Exercised	Granted	Lapsed	Balance as at 31.07.2008
Director								
Ms. Wong Yuet May Jeremy	27.10.2007	2.320	27.10.2007 – 27.10.2010	20,000,000	–	–	–	20,000,000
Consultant	27.10.2007	2.320	27.10.2007 – 27.10.2010	20,000,000	–	–	–	20,000,000
Total								
				40,000,000	–	–	–	40,000,000

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION", as at 31 July 2008, neither the Company, holding company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Code Provisions as stated in Appendix 15 to the GEM Listing Rules as the Code on Corporate Governance Practices ("**Code**") of the Company.

The Company has complied with the Code throughout the three months period ended 31 July 2008.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its Code of Conduct for Securities Transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings throughout the Reporting Period.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE REVIEW

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the Code. As at the date hereof, the audit committee comprising the three independent non-executive Directors, Messrs. Orr Joseph Wai Shing, Chan Tak Yan and Chiu Kwok Wing Benedict.

The primary duties of the audit committee are to review and supervise of the Company's financial reporting process and internal control systems. The unaudited consolidated financial statements and the report for the Reporting Period have been reviewed by the members of the audit committee, who are of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange listing requirements and other legal requirements and that adequate disclosures have been made.

By Order of the Board

Chan Lai Kwan Rainbow

Chief Executive Officer and Executive Director

Hong Kong, 9 September 2008

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Chan Lai Kwan Rainbow
(Chief Executive Officer)
Ms. Wong Yuet May Jeremy
Mr. Chan Fu Kei

Independent Non-Executive Directors

Mr. Chan Tak Yan
Mr. Chiu Kwok Wing Benedict
Mr. Orr Joseph Wai Shing

COMPANY SECRETARY

Ms. Man Tsz Sai Lavender *ACIS, ACS*

QUALIFIED ACCOUNTANT

Mr. Chow Shiu Ki *CPA*

COMPLIANCE OFFICER

Ms. Chan Lai Kwan Rainbow

AUDIT COMMITTEE

Mr. Orr Joseph Wai Shing
(Chairman of the committee)
Mr. Chan Tak Yan
Mr. Chiu Kwok Wing Benedict

AUTHORISED REPRESENTATIVES

Ms. Chan Lai Kwan Rainbow
Ms. Man Tsz Sai Lavender

AUDITOR

SHINewing (HK) CPA Limited

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

Unit 1505-1510
15/F., Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House, North Church Street
George Town, Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Rooms 1901-02
Fook Lee Commercial Centre, Town Place
33 Lockhart Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

WEBSITE ADDRESS

www.donaldbyford.com

STOCK CODE

8272