EMCOM INTERNATIONAL LIMITED
帝通國際有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

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This announcement, for which the directors of Emcom International Limited (the "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 (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of 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 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.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	4	**98,779**	63,072
Cost of sales		**(98,111)**	(56,675)
Gross profit		**668**	6,397
Other revenue and other net income	4	**6,515**	127
Selling expenses		**(254)**	–
Administrative expenses		**(19,593)**	(32,845)
Other operating expenses		**(11,401)**	–
Loss from operation		**(24,065)**	(26,321)
Share of (loss)/profit of a jointly controlled entity		**(1,337)**	940
Finance costs	6	**(2,313)**	(3,129)
Loss before taxation	5	**(27,715)**	(28,510)
Taxation	7	**527**	–
Loss for the year		**(27,188)**	(28,510)
Attributable to:			
Equity holders of the parent		**(27,067)**	(28,510)
Minority interests		**(121)**	–
Loss for the year		**(27,188)**	(28,510)
DIVIDEND		**–**	–
		HK$	*HK$*
Loss per share	8		
Basic		**(1.47cents)**	(4.52cents)
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**7,746**	13,193
Interests in a jointly controlled entity		**21,326**	20,604
Payment for investment in a joint venture		**8,653**	–
		37,725	33,797
Current assets			
Inventories		**4,940**	7,675
Trade receivables	*9*	**4,179**	15,132
Other receivables, deposits and prepayments		**29,732**	5,974
Financial assets at fair value through profit or loss		**–**	245
Amount due from a jointly controlled entity		**30**	65
Amount due from a related company		**–**	6,535
Tax recoverable		**–**	5,824
Pledged bank deposits		**150**	–
Cash and cash equivalents		**39,612**	8,624
		78,643	50,074
Current liabilities			
Trade payables	*10*	**4,316**	16,974
Other payables and accruals		**21,198**	1,667
Amount due to a director		**–**	11,260
Amount due to a related company		**1,509**	–
Secured bank loans		**–**	25,293
Embedded financial derivatives		**–**	445
		27,023	55,639
Net current assets (liabilities)		**51,620**	(5,565)
Total assets less current liabilities		**89,345**	28,232

	Notes	**2008**	2007
		HK$'000	*HK$'000*
Non-current liability			
Convertible notes		**(51,721)**	(15,747)
NET ASSETS		**37,624**	12,485
CAPITAL AND RESERVES			
Share capital		**24,790**	6,374
Reserves		**12,955**	6,111
		37,745	12,485
Minority Interests		**(121)**	–
TOTAL EQUITY		**37,624**	12,485

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 March 2008

	Share capital	Share premium	Contributed surplus	Equity component of convertible note	Share option reserve	Exchange reserve	Accumulated losses	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	5,875	30,924	3,930	–	–	477	(21,977)	19,229	–	19,229
Placing of new shares of HK$0.01 each completed on 16 May 2006	499	19,491	–	–	–	–	–	19,990	–	19,990
Issuing expenses	–	(120)	–	–	–	–	–	(120)	–	(120)
Exchange difference arising from translation of financial statements of foreign operations	–	–	–	–	–	1,896	–	1,896	–	1,896
Loss for the year	–	–	–	–	–	–	(28,510)	(28,510)	–	(28,510)
At 31 March 2007	6,374	50,295	3,930	–	–	2,373	(50,487)	12,485	–	12,485
Issue of new shares of HK$0.01 each completed on 31 July 2007	**18,000**	**12,600**	**–**	**–**	**–**	**–**	**–**	**30,600**	**–**	**30,600**
Issue of new shares of HK$0.01 each completed on 29 February 2008	**416**	**4,961**	**–**	**–**	**–**	**–**	**–**	**5,377**	**–**	**5,377**
Issue of convertible notes on 11 October 2007	**–**	**–**	**–**	**12,154**	**–**	**–**	**–**	**12,154**	**–**	**12,154**
Equity-settled share option arrangement	**–**	**–**	**–**	**–**	**355**	**–**	**–**	**355**	**–**	**355**
Exchange difference arising from translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**–**	**3,841**	**–**	**3,841**	**–**	**3,841**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(27,067)**	**(27,067)**	**(121)**	**(27,188)**
At 31 March 2008	**24,790**	**67,856**	**3,930**	**12,154**	**355**	**6,214**	**(77,554)**	**37,745**	**(121)**	**37,624**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2008

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under historical cost convention except for financial assets at fair value through profit or loss and the convertible notes that have been measured at fair value.

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries and the Group's interest in jointly controlled entity for the year ended 31 March 2008. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from or to the date of their acquisition or disposal, as appropriate. All material inter-company transactions and balances are eliminated on consolidation.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new standards, amendments and interpretations of new HKFRS that have been issued and effective for the current year's financial statements. The adoption of such standards did not have a material effect on these financial statements.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2008 and which have not been adopted in these financial statements.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

The adoption HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segment information is presented by way of two segment formats (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

The Group's operating business are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

For management purposes, the Group is currently organised into the following business segments, namely, telecommunication services ("Telecommunication"), mobile phones ("Mobile phones") product segment and digital versatile disc players ("DVD players") product segment. During the last year, the Group also engaged in Home Theatre Systems ("HTS") product segment. These divisions are the basis on which the Group reports its primary segment information.

(a) Business segments

The following tables present turnover, loss and certain assets and liabilities information for the Group's business segments.

TURNOVER AND RESULTS

Year ended 31 March 2008

	Mobile phones	DVD players	Telecommunication	HTS	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External	**74,650**	**16,123**	**7,129**	**–**	**877**	**98,779**
SEGMENT RESULTS	**1,261**	**(1,539)**	**(2,304)**	**–**	**70**	**(2,512)**
Unallocated corporate income						**2,583**
Interest income						**565**
Unallocated corporate expenses						**(15,571)**
Impairment loss on property, plant and equipment						**(9,130)**
Loss from operation						**(24,065)**
Finance costs						**(2,313)**
Share of loss of a jointly controlled entity						**(1,337)**
Loss before taxation						**(27,715)**
Taxation						**527**
Loss for the year						**(27,188)**

CONSOLIDATED ASSETS AND LIABILITIES

At 31 March 2008

	Mobile phones HK$'000	DVD players HK$'000	Telecommunication HK$'000	HTS HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	25,663	5,542	9,816	–	302	41,323
Interests in a jointly controlled entity						21,326
Unallocated corporate assets						53,719
Consolidated total assets						116,368
LIABILITIES						
Segment liabilities	18,086	3,906	3,541	–	213	25,746
Unallocated corporate liabilities						52,998
Consolidated total liabilities						78,744
OTHER INFORMATION						
Segment capital expenditure	208	45	2,985	–	3	3,241
Unallocated capital expenditure						2,589
Consolidated capital expenditure						5,830
Segment depreciation	2,192	474	392	–	26	3,084
Unallocated depreciation						308
Depreciation for the year						3,392
Segment impairment	7,436	1,606	–	–	88	9,130

TURNOVER AND RESULTS
Year ended 31 March 2007

	Mobile phones *HK$'000*	DVD players *HK$'000*	Telecommunication *HK$'000*	HTS *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
TURNOVER						
External	12,841	47,564	–	2,577	90	63,072
SEGMENT RESULTS	1,303	4,824	–	261	9	6,397
Unallocated corporate income						62
Interest income						65
Unallocated corporate expenses						(32,845)
Loss from operation						(26,321)
Finance costs						(3,129)
Share of profit of a jointly controlled entity						940
Loss before taxation						(28,510)
Taxation						–
Loss for the year						(28,510)

CONSOLIDATED ASSETS AND LIABILITIES

At 31 March 2007

	Mobile phones *HK$'000*	DVD players *HK$'000*	Telecommunication *HK$'000*	HTS *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
ASSETS						
Segment assets	4,614	10,193	–	–	29	14,836
Interests in a jointly controlled entity						20,604
Unallocated corporate assets						48,431
Consolidated total assets						83,871
LIABILITIES						
Segment liabilities	8,364	3,087	–	–	265	11,716
Unallocated corporate liabilities						59,670
Consolidated total liabilities						71,386
OTHER INFORMATION						
Segment capital expenditure	300	1,001	–	60	97	1,458
Unallocated capital expenditure						17
Consolidated capital expenditure						1,475
Segment depreciation	438	1,460	–	88	69	2,055
Unallocated depreciation						96
Depreciation for the year						2,151

(b) Geographical segments

The following tables present turnover and certain assets information for the Group's business segments.

Year ended 31 March 2008

	The PRC (including Hong Kong) *HK$'000*	**Europe** *HK$'000*	**Singapore** *HK$'000*	**The United States of America ("U.S.A.")** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER						
External	**92,237**	**5,028**	**26**	**1,105**	**383**	**98,779**
OTHER SEGMENT INFORMATION						
Segment assets	**115,097**	**–**	**1,271**	**–**	**–**	**116,368**
Capital expenditure	**5,054**	**–**	**776**	**–**	**–**	**5,830**

Year ended 31 March 2007

	The PRC (including Hong Kong) *HK$'000*	Europe *HK$'000*	Singapore *HK$'000*	U.S.A *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
TURNOVER						
External	18,383	18,896	–	11,357	14,436	63,072
OTHER SEGMENT INFORMATION						
Segment assets	83,871	–	–	–	–	83,871
Capital expenditure	1,475	–	–	–	–	1,475

4. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

The principal activities of the Group are the manufacture and sale of electronic communication and consumer products and provision of telecommunication services.

Turnover represents the sale value of good supplied to customers and revenue from the provision of telecommunication services.

	2008	2007
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**91,650**	63,072
Rendering of services	**7,129**	–
	98,779	63,072
Other revenue		
Interest income	**565**	65
Dividend income	**–**	5
Bad debt recovered	**2,683**	–
Others	**95**	18
Other net income		
Unrealised gain on financial assets at fair value through profit or loss	**–**	39
Amount due to a former director waived	**3,172**	–
	6,515	127

5. LOSS BEFORE TAXATION

	2008	2007
	HK$'000	*HK$'000*
Loss before taxation is arrived at after charging/(crediting):		
Auditor's remuneration	**602**	248
Bad debts written off	**574**	2,497
Cost of inventories sold	**92,062**	56,675
Cost of services provided	**6,049**	–
Depreciation	**3,392**	2,151
Exchange loss	**31**	231
Fair value changes on embedded financial derivatives	**–**	(2,991)
Impairment on property, plant and equipment	**9,130**	–
Loss on disposal of interest in a jointly controlled entity	**–**	499
Loss on disposal of property, plant and equipment	**6**	6,668
Loss on redemption of convertible notes	**2,208**	–
Operating lease rental in respect of rented premises	**1,870**	920
Staff costs (including directors' remuneration)		
– Salaries and allowances	**6,909**	3,354
– Equity-settled share option expense	**84**	–
– Retirement scheme contributions	**42**	12
	7,035	3,366

6. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Bank loan interest	**838**	796
Interest on convertible notes	**1,475**	2,333
	2,313	3,129

7. TAXATION

No provision for Hong Kong profits tax has been made for the years ended 31 March 2008 and 2007 as the Group's income either arising in, nor is derived from Hong Kong.

Taxes on profits assessable other than in Hong Kong are calculated at the rates of tax prevailing in the places in which the Group operates based on existing legislation, practices and interpretations thereof.

Guangdong Photar Digital & Electronic Company Limited ("Guangdong Photar"), the subsidiary which generated the major turnover of the Group, was subject to the PRC enterprise income tax. As a wholly foreign-owned enterprise pursuant to the Income Tax Law of the PRC for Foreign Investment Enterprise and with the confirmation received from the 河源市國家稅務直屬稅務分局 on 24 August 2006, Guangdong Photar was exempted from the PRC enterprise income tax for the two years starting from its first profit making year and after offsetting the accumulated losses being the year audit, and is entitled to a 50% relief for the subsequent three years. For the year ended 31 March 2008, Guangdong Photar was exempted from the PRC enterprise income tax.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate to 25% for certain subsidiaries from 1 January 2008.

8. LOSS PER SHARE

(i) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to equity holders of the Company of approximately HK$27,067,000 (2007: approximately HK$28,510,000) and the weighted average number of 1,845,982,667 shares (2007: 631,270,575 shares) in issue during the year.

(ii) Diluted loss per share

Diluted loss per share for the year ended 31 March 2007 and 2008 are not presented as the effect of share option and convertible notes are anti-dilutive and are not included in the calculation of diluted loss per share for the years ended 31 March 2007 and 2008.

9. TRADE RECEIVABLES

The aging of the Group's trade receivables is analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**1,487**	14,867
31 – 60 days	**1,299**	–
61 – 90 days	**1,393**	–
Over 90 days	**–**	265
	4,179	15,132

Trade receivables are due within 60-90 days from the date of billing.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

As at 31 March 2008, neither impairment loss nor allowance on bad debt had been made. As at 31 March 2007, a trade receivable of approximately HK$2,497,000 was individually determined to be impaired. The individually impaired receivable related to the customer that was in financial difficulties and management assessed that none of the receivable is expected to be recovered. Consequently, bad debt written off for HK$2,497,000 was recognised. The Group does not hold any collateral over this balance.

The ageing analysis of trade receivable that are neither individually nor collectively considered to be impaired are as follows:

	2008	2007
	HK$'000	*HK$'000*
Less than 1 month past due	**1,487**	14,867
1 to 3 months past due	**2,692**	–
Over 3 months past due	**–**	265
	4,179	15,132

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balance are still considered fully recoverables. The Group does not hold any collateral over these balances.

10. TRADE PAYABLES

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**954**	2,867
31 – 60 days	**8**	3,939
61 – 90 days	**308**	4,111
Over 90 days	**3,046**	6,057
	4,316	16,974

DIVIDENDS

The Directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2008 (2007: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22 July 2008 to 23 July 2008, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting to be held on 23 July 2008, all transfer of shares in the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 21 July 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For year under review, the Group recorded a total turnover of approximately HK$98,779,000 (2007: HK$63,072,000). Loss attributable to shareholders for the year was approximately HK$27,067,000 (2007: HK$28,510,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2008, the Group had total assets of approximately HK$116,368,000 (31 March 2007: HK$83,871,000), including cash and cash equivalents of approximately HK$39,612,000 (31 March 2007: HK$8,624,000). There was pledged bank deposit of HK$150,000 as at 31 March 2008 (31 March 2007: Nil).

The Group financed its operations and investing activities mainly with its internally generated cash flows, net proceeds in the amount of HK$30,600,000 from placement of 1,800,000,000 new shares at issue price of HK$0.017 per share in July 2007 and net proceeds from issue of convertible note in the principal amount of US$8,000,000 in October 2007. As at 31 March 2007, there were secured bank loans of approximately HK$25,293,000 (31 March 2008: Nil). As at 31 March 2008, a bank deposit amounted to HK$150,000 was pledged to bank for securing bank facility (31 March 2007: Nil).

As at 31 March 2008, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.68 (31 March 2007: approximately 0.85).

CAPITAL STRUCTURE

The shares of the Company were listed on GEM on 12 November 2002. During the year under review, the Company issued 1,800,000,000 shares to Emcom Limited pursuant to the placement completed on 31 July 2007 and further issued 41,548,253 shares to Mr. Zhang Jian Hua pursuant to the share transaction more particularly described in the Company's announcement dated 6 February 2008. As such, the number of issued and fully-paid shares of the Company increased to 2,478,980,253 as at 31 March 2008.

EMPLOYEES

As at 31 March 2008, the Group had 32 (31 March 2007: 212) staff including directors based in the PRC, Hong Kong and Singapore. Total staff costs including directors remuneration were approximately HK$7,035,000 in the year under review (31 March 2007: HK$3,366,000).

Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees. To date, total 12,160,000 share options have been granted to certain directors and employees.

SEGMENT INFORMATION

During the year under review, the Group is organized mainly into the following business segments – telecommunication services ("Telecommunication"), mobile phones ("Mobile Phones") product segment and digital versatile disc players ("DVD players") product segment. During the corresponding last year, the Group was also engaged in home theatre systems ("Home Theatre Systems"), digital photo frame ("Digital Photo Frame") and digital video broadcast ("Digital Video Broadcast") product segments.

During the year under review, Telecommunication, sales of Mobile Phones, DVD players and others represented 7%, 76%, 16% and 1% of the Group's turnover (31 March 2007: Telecommunication Nil, Mobile Phones 20%, DVD players 68%, Home Theatre Systems 4%, Digital Photo Frame 4%, Digital Video Broadcast 4% and others 0%).

During the year under review, 93% (2007: 29%) of the Group's products were sold to the P.R.C. market and 7% (2007: 71%) of the Group's products were sold to the overseas markets.

EXCHANGE RATIOS

The Group's transactions during the year ended 31 March 2008 were mainly denominated in Renminbi, HK Dollars, US Dollars and Singapore Dollars. The Renminbi income received from sales in the P.R.C. was fully applied to working capital need of the Group in the P.R.C.

SIGNIFICANT INVESTMENTS

In September 2007, the Company entered into an agreement to form a joint venture with Color City Enterprise Co., Ltd. to develop, market and deploy and deliver the T2Free platform and its related services. In February 2008, the Company entered into an agreement with Shanghai Jian Hua Satellite Communications Limited to form another joint venture to conduct distant education and training business. The details of the joint ventures are more particularly described in the section headed "Operation review" below. Save as the above, the Group did not make any significant investments during the year.

OPERATION REVIEW

During the year ended 31 March 2008, the Group successfully expanded the business into mobile phones whereas its revenue substantially exceeded that from other product segments. Nonetheless, due to the fierce competition in the market, the new product segment had not yet yielded satisfactory results to the Group.

On 30 September 2007, the Company entered into a joint venture agreement with Color City Enterprises Co., Ltd., an independent third party (the "JV Partner"). Pursuant to the joint venture agreement, the joint venture company shall be incorporated in Hong Kong to develop, market and deploy and deliver the T2Free platform and its related services. The joint venture company will be owned as to 70% by the Company and 30% by the JV Partner upon formation. The Company shall contribute up to the sum of US$1,000,000 (equivalent to approximately HK$7,800,000) (including the registered capital contributed by both parties of HK$100,000) in the form of loan financing for the working capital of the joint venture. As at the date of this announcement, the joint venture company has been incorporated and revenue has started coming into the Group.

During the year under review, the Company set up two wholly-owned subsidiaries, EmCall Pte Limited and EmCall Singapore Pte Limited (collectively the "EmCall Group") to spearhead the marketing of telecommunication services to various market segments covering South East Asia, Taiwan and Hong Kong. EmCall Group will utilize the T2Free Platform (as mentioned above the paragraph), as well as its own and co-developed platforms to deliver the products and services to the markets. The focus of EmCall Group is to provide a combination of VoIP (Voice over Internet Protocol), fixed-line and mobile communication solutions to our customers at a reasonable price. EmCall Group has already generated positive results to the Company.

On 2 October 2007, following the approval obtained in the extraordinary general meeting, the Company's name was changed to "Emcom International Limited" to reflect the change in controlling shareholders of the Company. The Company shall utilise the expertise and networks of the new controlling shareholders to expand into the telecommunication related businesses.

On 11 October 2007, the Company and Sunshine Empire Pte Limited (the "Subscriber") entered into a subscription agreement whereby the Subscriber agreed to subscribe for convertible note in the principal amount of US$8,000,000 (or approximately HK$62,400,000). The net proceeds from the issue of the convertible note will be used as investment and general working capital. The subscription has been completed on 31 October 2007. On 8 April 2008 the Company received a notice from the Subscriber whereas the Subscriber will transfer in whole the principal amount of the convertible note to Sunshine Empire Limited, who nominated Beauvoir Holdings Limited ("Beauvoir") to hold the convertible note. Subsequently on 9 April 2008, the Company received a conversion notice from Beauvoir that it will convert in whole the principal amount of the convertible note at the conversion price of HK$0.26 per share. The conversion has been completed on 10 April 2008. The Directors of the Company believe that the conversion of the convertible note provides an opportunity for the Company to enlarge its capital base.

On 4 Feb 2008, the Company and Shanghai Jian Hua Satellite Communications Limited ("Jian Hua") entered into an agreement pursuant to which Jian Hua agreed to co-operate with the Company to establish a joint venture to conduct, among other things, distant education and training business. In consideration of this, the Company shall pay to Jian Hua as to RMB3,000,000 (approximately HK$3,225,806) in cash and RMB5,000,000 (approximately HK$5,376,344) by allotment and issuance of new shares. Details of the transaction are contained in the Company's announcement dated 6 February 2008.

OUTLOOK

As regard the manufacturing business, the Group had strived over the past two years through strategic expansion of product portfolio and distribution networks. Different product types had been launched including mobile phones, DVD players, facsimile machines, digital photo frame, home theatre systems and digital video broadcast etc. Nonetheless, competition within the industry remains extremely keen. Coupled with the surge in labour related cost and appreciation of RMB recently, the future development of this sector does not look promising. As a result, the Group decided to gradually scale down the operations and withhold further investments in this segment until a robust solution comes across in future.

Our voice business being carried out under the brand name of EmCall experienced a good start. Backed up by good quality of traffic and strong technical support, the Group expects to expand its market presence even more rapidly to clinch the vast amount of opportunities.

On 6 May 2008, the Company entered into a conditional sale and purchase agreement, supplemented by a supplemental agreement on 21 May 2008, with Mr. Lee Kwok Ning Lobo and Ms. Lin Wai Yan (collectively the "Vendors") and Mr. Yong Wai Hong as warrantor to acquire a group of financial service companies engaging in advising on securities, assets management, dealing in securities and advising on corporate finance, all being regulated activities under the Securities and Futures Ordinance, at a consideration of HK$180,000,000. The consideration for the acquisition is to be satisfied at completion as to HK$30,000,000 in cash and as to HK$150,000,000 by issue of convertible notes by the Company to the Vendors or their respective nominees. Details of the transaction are contained in the Company's announcement dated 21 May 2008. The Directors believe that the acquisition will enable the Company to capture the opportunity to participate in the finance industry. It could on one hand provide a new source of income and on the other hand provide future growth potential to the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company endeavors in maintaining high standard of corporate governance for the enhancement of shareholders' value. The Company has complied with the required code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules for the year ended 31 March 2008, except for the following deviations:

Code Provision A.2.1

This code stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yong Wai Hong currently holds both positions. The board of directors (the "Board") believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

Code Provision A.4.2

This code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The then Articles of Association of the Company only requires such directors who are appointed to fill a casual vacancy to be re-elected at the next annual general meeting. As such, at the forthcoming annual general meeting, resolution for amending the Articles of Association to comply with the Code on Corporate Governance practices will be proposed.

This code also stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company's Articles of Association provides that one-third of the directors shall retire by rotation, with the exception of chairman or the managing director of the Company. Notwithstanding the provisions of the Company's Articles of Association, the Company intends to comply with the Code Provision A.4.2 in the way of having not less than one-third of all directors retiring at each annual general meeting.

Code Provision A.4.4

This code stipulates that listed issuers should establish a nomination committee with specific written terms of reference. The nomination committee should, among others, (i) reviews the structure, size and composition of the Board and make recommendations to the Board regarding any proposed changes; (ii) identify individuals suitably qualified to become board members; (iii) assess the independence of independent non-executive directors; and (iv) make recommendations to the Board on matters relating to the appointment or re-appointment of directors and succession planning for directors. The Company has not established a nomination committee. Instead, the full Board is involved in the appointment of new directors. The Board will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointment. The Board will conduct in-depth assessment on the independence of candidates for post of independent directors.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, interim reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee will also be responsible for reviewing and supervising the Company's financial reporting and internal control system.

The audit committee comprises three independent non-executive Directors, namely Ms. Tsang Fung Chu (Chairman), Mr. Chan Cheong Yee and Mr. Wong Chi Keung Patrick. The Committee convened four meetings during the financial year ended 31 March, 2008. During these meetings, the committee reviewed the annual, interim and quarterly results of the Company and made recommendations to the Board and the management in respect of the Company's financial reporting and internal control system.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

For and on behalf of the board of
Emcom International Limited
Yong Wai Hong
Chairman & Chief Executive Officer

Hong Kong, 24 June 2008

As at the date of this announcement, the Board comprises two executive Directors, namely Messrs. Yong Wai Hong and Lam Kwok Ho and three independent non-executive Directors, namely Mr. Chan Cheong Yee, Ms. Tsang Fung Chu and Mr. Wong Chi Keung Patrick.

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company at www.emcominternational.com.

* *for identification purpose only*