EMCOM INTERNATIONAL LIMITED

帝通國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

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

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.

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The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies on GEM 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.

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.

* *For identification purpose only*

FINANCIAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three and six months ended 30 September 2008 ("Condensed Financial Statements"), together with the unaudited comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September		**Three months ended 30 September**	
		2008	2007	**2008**	2007
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*2*	**21,390**	78,954	**19,782**	12,598
Cost of sales		**(21,570)**	(80,516)	**(19,626)**	(12,260)
Gross (loss)/profit		**(180)**	(1,562)	**156**	338
Other revenues		**722**	3,254	**8**	2,722
Selling and distribution expenses		**(22)**	(169)	**–**	(169)
Administrative expenses		**(13,339)**	(7,497)	**(6,743)**	(6,177)
Operating loss		**(12,819)**	(5,974)	**(6,579)**	(3,286)
Finance costs		**(77)**	(817)	**–**	(414)
Share of (loss)/profit of a jointly controlled entity		**(720)**	152	**2**	60
Loss before taxation	*3*	**(13,616)**	(6,639)	**(6,577)**	(3,640)
Income tax	*4*	**–**	527	**–**	527
Net loss attributable to equity shareholders of the Company		**(13,016)**	(6,112)	**(5,984)**	(3,113)
Minority Interest		**(600)**	–	**(593)**	–
		(13,616)	(6,112)	**(6,577)**	(3,113)
Dividend	*5*	**–**	–	**–**	–
Loss per share	*6*				
– Basic (cent)		**(0.48)**	(0.4900)	**(0.22)**	(0.1682)
– Diluted (cent)		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 September 2008 (Unaudited) HK$'000	As at 31 March 2008 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,375**	7,746
Interests in a jointly controlled entity		**18,951**	21,326
Payment for investment in a joint venture		**8,602**	8,653
		36,928	37,725
CURRENT ASSETS			
Inventories		**3,899**	4,940
Trade receivables	*7*	**13,095**	4,179
Other receivables, deposits and prepayment		**13,191**	29,732
Amount due from a jointly controlled entity		**30**	30
Pledged bank deposits		**–**	150
Cash and bank balances		**18,939**	39,612
		49,154	78,643
CURRENT LIABILITIES			
Trade payables	*8*	**9,642**	4,316
Other payables and accruals		**1,760**	21,198
Amount due to a related company		**–**	1,509
Tax payable		**23**	–
Bond interest payable		**1,551**	–
		12,976	27,023
NET CURRENT ASSETS		**36,178**	51,620
TOTAL ASSETS LESS CURRENT LIABILITIES		**73,106**	89,345
NON-CURRENT LIABILITIES			
Convertible notes		**–**	(51,721)
NET ASSETS		**73,106**	37,624
CAPITAL AND RESERVES			
Share capital	*9*	**27,190**	24,790
Reserves		**46,073**	12,955
		73,263	37,745
Minority Interests		**(157)**	(121)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**73,106**	37,624

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months Ended 30 September 2008 (Unaudited)	Six months Ended 30 September 2007 (Unaudited)
	HK$'000	*HK$'000*
Net cash generated (used in)/from operating activities	**(16,685)**	28,502
Net cash used in investing activities	**(2,029)**	(91)
Net cash used in financing activities	**–**	(13,093)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(18,714)**	15,318
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**39,612**	8,624
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(1,959)**	(148)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**18,939**	23,794
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**18,939**	23,794

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

	Attributable to equity holders of the company									
	Share capital *HK'000*	Share premium *HK$'000*	Contributed Surplus *HK$'000*	Equity component of convertible note *HK$'000*	Share option reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total *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 note 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
Conversion convertible notes to shares in 9 April 2008	2,400	60,000	–	(12,154)	–	–	–	50,246	–	50,246
Equity-settled share option arrangement	–	–	–	–	359	–	–	359	–	359
Exchange difference arising from translation of financial statements of foreign operations	–	–	–	–	–	(2,071)	–	(2,071)	–	(2,071)
Loss for the period	–	–	–	–	–	–	(13,016)	(13,016)	(36)	(13,052)
At 30 September, 2008	27,190	127,856	3,930	–	714	4,143	(90,570)	73,263	(157)	73,106

NOTES

1. Basis of Preparation and Significant Accounting Policies

The unaudited condensed consolidated financial statements for the six months ended 30 September 2008 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

Adoption of New and Revised Hong Kong Financial Reporting Standards

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2008, except for the adoption of the following interpretations:

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of the above interpretations has had no material impact on the accounting policies of the Group and the methods of computation in the Group's financial statements in the current period or prior periods.

The Group has not early adopted the following new standards and interpretations that have been issued to date but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results or financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKFRS 2 (Amendment)	Share-based Payments – Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[1]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[2]

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

2. Turnover and segment information

The Group's turnover represents the net invoiced value of goods sold, after allowance for returns and trade discount, when applicable. All significant intra-group transactions and balances have been eliminated on consolidation.

(a) Business segments

The following tables present turnover, results and certain assets, liabilities and capital expenditure information for the Group's business segment.

For the six months ended 30 September

	Mobile phones		DVD players		Telecom		Trading		Others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover:												
External sales	**–**	72,887	**1,490**	5,017	**244**	–	**19,656**	–	**–**	1,050	**21,390**	78,954
Segment results	**–**	1,030	**54**	(2,697)	**(752)**	–	**518**	–	**–**	105	**(180)**	(1,562)
Other income											**722**	3,254
Net unallocated expenses											**(13,361)**	(7,666)
Loss from operations											**(12,819)**	(5,974)
Finance costs											**(77)**	(817)
Share of (loss)/profit of a jointly controlled entity											**(720)**	152
Loss before taxations											**(13,616)**	(6,639)
Income Tax											**–**	527
Net loss attributable to equity shareholders of the Company											**(13,016)**	(6,112)
Minority Interest											**(600)**	–
As at 30 September												
ASSETS												
Segment assets	**–**	84,868	**13,985**	5,841	**4,126**	–	**13,147**	–	**–**	1,223	**31,258**	91,932
Interest in jointly controlled entity											**18,951**	–
Unallocated assets											**35,873**	20,143
Total assets											**86,082**	112,075
LIABILITIES												
Segment liabilities	**–**	53,281	**4,159**	3,667	**103**	–	**5,457**	–	**–**	768	**9,719**	57,716
Unallocated liabilities											**3,257**	17,061
Total liabilities											**12,976**	74,777
Other segment information:												
Unallocated depreciation											**765**	112

(b) **Geographical segments**

In determining the Group's geographical segments, revenue is attributable to segments based on the location of customers and assets are attributable to segments based on the location of the assets.

The following table presents revenue, certain assets and capital expenditure information for the Group's geographical segments.

For the six months ended 30 September

	TURNOVER External sales		**OTHER SEGMENT INFORMATION Segment assets**	
	2008 (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*	**2008 (Unaudited) *HK$'000***	2007 (Unaudited) *HK$'000*
The People's Republic of China ("PRC") (including Hong Kong)	**1,490**	70,420	**85,395**	112,075
Russia	**–**	4,225	**–**	–
USA	**–**	3,934	**–**	–
Mauritius	**–**	260	**–**	–
Japan	**–**	115	**–**	–
Taiwan	**19,656**	–	**–**	–
Singapore	**244**	–	**687**	–
Consolidated	**21,390**	78,954	**86,082**	112,075

3. **Loss before taxation**

The Group's loss before taxation is arrived at after charging the following:

	For the six months ended 30 September		**For the three months ended 30 September**	
	2008 (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*	**2008 (Unaudited) *HK$'000***	2007 (Unaudited) *HK$'000*
Interest on convertible note	**77**	–	**–**	–
Depreciation	**1,106**	1,368	**418**	747

4. **Income Tax**

No provision for Hong Kong Profit Tax has been provided as the Group had no estimated assessable profit for the three months and six months ended 30 September 2008 (three months and six months ended 30 September 2007: Nil).

The taxation in the condensed consolidated income statement represents the tax refund to a PRC subsidiary of the Company during the period under review.

No deferred tax had been provided for the Group because there were no significant timing differences at the respective balance sheet dates.

5. Dividends

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: Nil).

6. Loss per share

The calculations of basic loss per share for the three months and six months ended 30 September 2008 are based on the consolidated net loss attributable to equity shareholders of the Company for the three months and six months ended 30 September 2008 of approximately HK$5,984,000 and HK$13,016,000 respectively (unaudited consolidated net loss attributable to equity shareholders of the Company for three months and six months ended 30 September 2007: HK$3,113,000 and HK$6,112,000 respectively) and on the weighted average number of 2,718,980,253 ordinary shares and 2,707,176,974 ordinary shares in issue during the three months and six months ended 30 September 2008 (three months and six months ended 30 September 2007: 1,850,475,478 ordinary shares and 1,247,268,066 ordinary shares in issue respectively).

Dilutive loss per share amounts have not been presented as the Company did not have any dilutive potential ordinary shares during the periods.

7. Trade receivables

The credit period granted by the Group to its customers is normally 60-90 days.

An aged analysis of trade receivables is as follows:

	As at 30 September 2008 (Unaudited) ***HK$'000***	As at 31 March 2008 (Audited) *HK$'000*
Within 30 days	**5,659**	1,487
31-60 days	**6,676**	2,692
61-90 days	**760**	–
Over 90 days	**–**	
	13,095	4,179

8. Trade payables

An aged analysis of trade payables is as follows:

	As at 30 September 2008 (Unaudited) *HK$'000*	As at 31 March 2008 (Audited) *HK$'000*
Within 30 days	**5,928**	954
31-60 days	**47**	8
61-90 days	**333**	308
Over 90 days	**3,334**	3,046
	9,642	4,316

9. Share Capital

	As at 30 September 2008 (Unaudited)		As at 31 March 2008 (Audited)	
	Number of Shares	***Amount HK$'000***	*Number of Shares*	*Amount HK$'000*
Authorised:				
Shares of HK$0.01 each	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:				
Shares of HK$0.01 each	**2,718,980,300**	**27,190**	2,478,980,253	24,790

MANAGEMENT DISCUSSION AND ANALYSIS

General

The Group is principally engaged in sales and trading of telecommunication and electronic equipment and commodities, provision of services in telecommunication, network and advisory, and the manufacturing and sale of electronics consumer products including electronic telecommunication, office automation and network products.

Financial review

During the six months ended 30 September 2008, the Group recorded a turnover of approximately HK$21,390,000, representing decrease of approximately 73% as compared to corresponding period in 2007.

Net loss attributable to equity shareholders of the Company for the six months ended 30 September 2008 was approximately HK$13,016,000 while net loss for the corresponding period in 2007 was approximately HK$6,112,000.

Liquidity, financial resources and capital structure

As at 30 September 2008, the Group had total assets of approximately HK$86,082,000 (31 March 2008: approximately HK$116,368,000), including cash and bank balances of approximately HK$18,939,000 (31 March 2008: approximately HK$39,612,000). There was no pledged bank deposit as at 30 September 2008 (31 March 2008: Nil).

During the six months ended 30 September 2008, the Group financed its operations mainly with its own working capital and proceeds from convertible note converting in new shares of the Company at the conversion price of HK$0.26 per share in April 2008. As at 30 September 2008, there was no bank overdraft (31 March 2008: Nil) and there was no charge on the Group's assets (31 March 2008: Nil).

As at 30 September 2008, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.15 (31 March 2008: approximately 0.76).

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 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.

On 6 May 2008, the Company entered into a conditional sale and purchase agreement (the "Agreement"), supplemented by a supplemental agreement on 21 May 2008 (the "Supplemental Agreement"), 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 circular dated 23 June 2008.

Nonetheless, at the extraordinary general meeting held on 16 July 2008, the relevant resolutions of the transaction were not passed and hence the transaction did not proceed further.

On 16 July 2008 the Company received a claim from the Vendors for approximately HK$180,000,000 alleging the breach of the Agreement and the Supplemental Agreement. On 22 July 2008, the Company had appointed P.C. Woo & Co. as the legal adviser of the Company for the litigation and the legal opinion was received on 30 July 2008. The legal adviser is of the view that the Company has a good defense to the litigation and further advises the Company to vigorously contest the litigation once the writ is served by the Vendors' solicitors.

Segment information

Sales of the Group comprise mainly sales and trading of telecommunication and electronic equipment and commodities, sales of Mobile Phones and DVD players. During the six months ended 30 September 2008, sales and trading of telecommunication and electronic equipment and commodities, provision of telecom services and sales of DVD players represent approximately 92%, 1% and 7% respectively of the Group's turnover (for the six months ended 30 September 2007: Trading: Nil, Mobile Phones: 92%, DVD players: 6%).

During the six months ended 30 September 2008, the Group's products were sold to the main markets in PRC (including Hong Kong), Taiwan and Singapore. During the corresponding period in previous year, the Group's products were sold to markets in PRC (including Hong Kong), Russia, USA, Mauritius and Japan.

Details of the business and geographical segments are disclosed in Note 2 "Turnover and segment information" under the section headed "Notes to Unaudited Condensed Consolidated Interim Financial Statements" of this report.

Contingent liabilities

As at 30 September 2008, the Group had no significant contingent liabilities (31 March 2008: Nil).

Operating lease commitments

As at 30 September 2008, the commitments under non-cancellable operating lease in respect of premises are approximately HK$3,623,000 (31 March 2008: approximately HK$5,825,000) and represented as follows:

	As at 30 September 2008 (Unaudited) ***HK$'000***	As at 31 March 2008 (Audited) *HK$'000*
Within one year	**2,883**	3,091
In the second to fifth year, inclusive	**740**	2,734
Total operating lease commitments	**3,623**	5,825

Subsequent Event

On 5 November 2008, Sinoeye Limited ("SL"), an indirectly wholly-owned subsidiary of the Company, entered into a joint venture agreement with an independent third party to subscribe 49% shareholding of a joint venture company at not more than HK$2,450,000. The details of the transaction were set out in an announcement dated 5 November 2008.

Operation review and prospects

The segment for sales and trading of telecommunication and electronic equipment and commodities had been successfully launched, while the manufacturing segments had been scaled down as previously disclosed in the 2008 annual report and the segment for provision of services in telecommunication, network and advisory did not expand as previously anticipated, thus leading to the drastic drop in turnover during the period under review.

Despite the financial meltdown in the global economy, it is expected that the market in the PRC would be able to maintain its growth momentum. The Group is striving to operate in a way that can capture the business opportunities in the PRC market while preparing for unexpected downturns. In this regards, in order to reallocate and consolidate scarce financial resources and management time to the businesses with better profit potential, the Group may close down or dispose its manufacturing facilities in PRC in the year end of 2008.

In the meantime, in addition to the restructuring and streamlining the local management team in the segment of provision of services in telecommunication, network and advisory to improve efficiencies and save costs, the Group will strengthen the sales forces in the segment of sales and trading of telecommunication and electronic equipment and commodities and will explore the new business opportunities in the segment of provision of services in telecommunication and network, consultation, advisory and management in property and retail facilities.

With the above measures to improve its business segments, the Group is optimistic about its long term prospects.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2008, the following director of the Company had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), (i) which were 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to herein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

(a) Long positions in the shares of the Company

Name of director	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Yong Wai Hong *(Note)*	Interest of controlled corporation	1,642,316,000	60.40%
Mr. Lam Kwok Ho	Beneficial owner	16,000	0.00%

Note:

Mr. Yong Wai Hong is deemed to be interested in 1,642,316,000 Shares through his beneficial interest in 15% of the entire issued share capital of Emcom Limited. Emcom Limited is a party acting in concert with Modern China Holdings Limited under section 317(1)(a) of the SFO. Emcom Limited is beneficially interested in 1,490,632,000 Shares or 54.82% of the issued share capital of the Company.

(b) Long positions in the underlying shares of the Company

The Company adopted a share options scheme on 19 October 2002 which the Board may, at their discretion, offer employees, non-executive Directors, independent non-executive Directors or any other persons who have contributed to the Group to take up share options to subscribe for shares subject to the terms and conditions stipulated in the share option scheme. Details of share options granted to the Directors as at 30 September 2008 were as follows:

Name of Director	Date of grant	Number of options held as at 1 April 2008	Number of options granted during the period	Number of options lapsed during the period	Number of options held as at 30 September 2008	Exercise price	Exercise period
						HK$	
Mr. Lam Kwok Ho	3 Oct 2007	200,000	–	–	200,000	0.312	3 Oct 2008 – 3 Oct 2012
Mr. Chan Cheong Yee	3 Oct 2007	200,000	–	–	200,000	0.312	3 Oct 2008 – 3 Oct 2012
Ms. Tsang Fung Chu	3 Oct 2007	200,000	–	–	200,000	0.312	3 Oct 2008 – 3 Oct 2012

Save as disclosed above, as at 30 September 2008, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), (i) which were 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, as at 30 September 2008, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) who is expected, directly and indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or (iii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Long position in the shares of the Company

Name of Shareholder	Number of Shares held	Approximate percentage of issued share capital of the Company
Emcom Limited *(Note 1)*	1,642,316,000	60.40%
Jolly King Limited *(Note 2)*	1,642,316,000	60.40%
Mr. Phang Wah *(Note 2)*	1,642,316,000	60.40%
Modern China Holdings Limited *(Note 3)*	1,642,316,000	60.40%
Mr. Chen Jijin *(Note 3)*	1,642,316,000	60.40%
Beauvoir Holdings Limited *(Note 4)*	240,000,000	8.83%
Mr. Tsang Chi Man *(Note 4)*	240,000,000	8.83%

Notes:

1. The issued share capital of Emcom Limited is beneficially owned as to 75% by Mr. Phang Wah, 15% by Mr. Yong Wai Hong and 10% by Mr. Lee Pin Yeow. Mr. Yong Wai Hong is an executive Director. Emcom Limited is a party acting in concert with Modern China Holdings Limited under section 317(1)(a) of the SFO. Therefore, Emcom Limited is deemed to be interested in 1,642,316,000 Shares. Emcom Limited is beneficially interested in 1,490,632,000 Shares or 54.82% of the issued share capital of the Company.

2. Jolly King Limited holds 75% interest in Emcom Limited and is therefore entitled to exercise or control the exercise of one-third or more of the voting power of Emcom Limited. The entire issued share capital of Jolly King Limited is held by Mr. Phang Wah. By virtue of the SFO, Jolly King Limited and Mr. Phang Wah are deemed to be interested in 1,642,316,000 Shares.

3. Modern China Holdings Limited is wholly and beneficially owned by Mr. Chen Jijin who was formerly the chairman and an executive Director. Modern China Holdings Limited is a party acting in concert with Emcom Limited under section 317(1)(a) of the SFO. Therefore, Modern China Holdings Limited is deemed to be interested in 1,642,316,000 Shares. Modern China Holdings Limited is beneficially interested in 151,684,000 Shares or 5.58% of the issued share capital of the Company.

4. Beauvoir Holdings Limited is wholly and beneficially owned by Mr. Tsang Chi Man.

Save as disclosed above, as at 30 September 2008, the Directors are not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short in the Shares or underlying Shares (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) who is expected, directly and indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or (iii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTIONS SCHEME

The Company's share option scheme was adopted pursuant to written resolutions passed on 19 October 2002 (the "Scheme") for the primary purpose of providing incentives to directors, eligible employees and participants who have contributed to the Group, and will expire in 12 November 2012. Under the Scheme, the board of directors of the Company may grant options to full-time or part-time employees including directors (executive and non-executive) and any advisor, consultant, supplier, distributor, contractor, agent, business partner, promoter, service provider or customer of the Company or any of its subsidiaries, to subscribe for shares in the Company.

The following share options were outstanding under the Scheme during the period:

Category	Date of grant	Number of options held as at 1 April 2008	Number of options granted during the period	Number of options lapsed during the period	Number of options held as at 30 September 2008	Exercise price	Exercise period
						HK$	
Directors	3 Oct 2007	600,000	–	–	600,000	0.312	3 Oct 2008 – 3 Oct 2012
Employees	3 Oct 2007	2,264,000	–	–	2,264,000	0.312	3 Oct 2008 – 3 Oct 2012
Advisors	3 Oct 2007	9,296,000	–	–	9,296,000	0.312	3 Oct 2008 – 3 Oct 2012
		12,160,000	–	–	12,160,000		
Exercisable as at 30 September 2008					–		
Weighted average exercise price		HK$0.312	–	–	HK$0.312		

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES" and "SHARE OPTIONS SCHEME" above, none of the Directors or employees of the Group or their associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 30 September 2008.

COMPETING INTEREST

None of the Directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

RELATED PARTY TRANSACTION

For the six months ended 30 September 2008, the Group does not paid rental expenses to a company which has a common shareholder with the Company (six months ended 30 September 2007: HK$104,000).

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 September 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

AUDIT COMMITTEE

The Company has established its audit committee (the "Committee") on 19 October 2002 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Committee are to review and supervise the financial reporting process and internal control system of the Group. The Committee comprises three independent non-executive Directors, namely Ms. Tsang Fung Chu (chairlady), Mr. Chan Cheong Yee and Mr. Wong Chi Keung Patrick. The Group's unaudited results for the six months ended 30 September 2008 have been reviewed by the Committee who was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Company has established a remuneration committee with specific written terms of reference. The Committee is mainly responsible for making recommendation to the Board on policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The committee comprises three independent non-executive Directors, namely Mr. Chan Cheong Yee, Ms. Tsang Fung Chu and Mr. Wong Chi Keung Patrick.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board will conduct regular review regarding internal control systems of the Group.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2008, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules, except for the Code Provision A.2.1 which stipulates that the role of chairman and chief executive officer should be separated 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.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2008.

By order of the Board
Emcom International Limited
Yong Wai Hong
Chairman & Chief Executive Officer

Hong Kong, 7 November 2008

As at the date of this announcement, the Company's executive directors are Mr. Yong Wai Hong and Mr. Lam Kwok Ho and the Company's independent non-executive directors are Mr. Chan Cheong Yee, Ms. Tsang Fung Chu and Mr. Wong Chi Keung Patrick.

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