

Third Quarterly Report
2007

Emcom

EMCOM INTERNATIONAL LIMITED
帝 通 國 際 有 限 公 司

(Formerly known as China Photar Electronics Group Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8220)

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 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 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 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.

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 nine months ended 31 December 2007, together with the unaudited comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	2	93,915	36,465	14,961	21,655
Cost of sales		(92,765)	(31,061)	(12,249)	(17,775)
Gross profit		1,150	5,404	2,712	3,880
Other revenues		3,480	163	226	89
Selling and distribution expenses		(220)	(647)	(51)	(310)
Administrative expenses		(14,374)	(9,579)	(6,877)	(5,869)
Operating loss		(9,964)	(4,659)	(3,990)	(2,210)
Finance costs		(1,532)	(1,387)	(715)	(819)
Share of (loss)/profit of a jointly controlled entity		(103)	1,284	(255)	89
Loss before taxation	3	(11,599)	(4,762)	(4,960)	(2,940)
Income tax	4	527	–	–	–
Loss for the period		(11,072)	(4,762)	(4,960)	(2,940)
Attributable to:					
Equity holders of the Company		(10,836)	(4,762)	(4,724)	(2,940)
Minority interest		(236)	–	(236)	–
		(11,072)	(4,762)	(4,960)	(2,940)
Dividend	5	–	–	–	–
Loss per share	6				
– Basic (cent)		(0.66)	(0.76)	(0.19)	(0.46)
– Diluted (cent)		N/A	N/A	N/A	N/A

NOTES:**I. BASIS OF PRESENTATION**

The unaudited condensed consolidated results for the nine months ended 31 December 2007 (the "Period") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and 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 "Stock Exchange") (the "GEM Listing Rules").

The unaudited condensed consolidated results have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss that have been measured at fair value. The principal accounting policies and method of computations used in the preparation of the unaudited condensed consolidated results are consistent with those used in the preparation of the Group's financial statements for the year ended 31 March 2007.

In particular, the Group's share of the post acquisition results and reserves of a jointly controlled entity is included in the unaudited condensed consolidated income statement and consolidated reserves, respectively. Comparative figures have been reclassified to conform with current period's presentation.

The Group has adopted the following standards that have been issued and effective for the periods beginning on or after 1 January 2007. The adoption of such standards did not have material effect on these financial statements.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments – Disclosures

The Group's unaudited condensed consolidated quarterly results has not been audited by the Company's auditors but has been reviewed by the Company's Audit Committee.

2. TURNOVER

The Group's turnover on products sales represents the net invoiced value of goods sold, after allowance for returns and trade discount, when applicable. Income in respect of telecommunication services provided to customers is recognised when the services are rendered. All significant intra-group transactions and balances have been eliminated on consolidation.

During the period under review, the Group is currently organised 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 period last year, the Group was also engaged in Home Theatre Systems ("HTS") product segment.

Turnover recognised during the three months and nine months ended 31 December 2007 are as follows:

	For the nine months ended 31 December		For the three months ended 31 December	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover				
Telecommunication	2,947	–	2,947	–
Mobile phones	75,134	–	2,247	–
DVD players	13,065	32,017	8,048	19,937
HTS	–	2,098	–	470
Others	2,769	2,350	1,719	1,248
Consolidated	93,915	36,465	14,961	21,655

3. LOSS BEFORE TAXATION

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

	For the nine months ended 31 December		For the three months ended 31 December	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest on convertible note	690	750	690	375

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 nine months ended 31 December 2007 (three months and nine months ended 31 December 2006: 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. DIVIDEND

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2007 (nine months ended 31 December 2006: Nil).

6. LOSS PER SHARE

The calculations of basic loss per share for the three months and nine months ended 31 December 2007 are based on the consolidated net loss attributable to equity shareholders of the Company for the three months and nine months ended 31 December 2007 of approximately HK\$4,724,000 and

HK\$10,836,000 respectively (unaudited consolidated net loss attributable to equity shareholders of the Company for three months and nine months ended 31 December 2006: HK\$2,940,000 and HK\$4,762,000 respectively) and on the weighted average number of 2,437,432,000 ordinary shares and 1,645,432,000 ordinary shares in issue during the three months and nine months ended 31 December 2007 (three months and nine months ended 31 December 2006: weighted average number of 637,432,000 ordinary shares and 629,254,109 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. RESERVE

	Share premium (Unaudited) HK\$'000	Share-based payments reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority Interest (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2006	34,854	–	477	(21,977)	13,354	–	13,354
Placing of new shares of HK\$0.01 each completed on 16 May 2006	19,491	–	–	–	19,491	–	19,491
Exchange difference arising from translation of financial statements	–	–	2,016	–	2,016	–	2,016
Net loss for the period	–	–	–	(4,762)	(4,762)	–	(4,762)
At 31 December 2006	54,345	–	2,493	(26,739)	30,099	–	30,099
At 1 April 2007	54,225	–	2,373	(50,487)	6,111	–	6,111
Issue of new shares of HK\$0.01 each completed on 31 July 2007	12,600	–	–	–	12,600	–	12,600
Exchange difference arising from translation of financial statements	–	–	1,503	–	1,503	–	1,503
Recognition of share-based payments	–	177	–	–	177	–	177
Net loss for the period	–	–	–	(10,836)	(10,836)	(236)	(11,072)
At 31 December 2007	66,825	177	3,876	(61,323)	9,555	(236)	9,319

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The Board of the Company has announced on 9 November 2007 that the special resolution for the change of name of the Company from “China Photar Electronics Group Limited” to “Emcom International Limited” was passed at the extraordinary general meeting of the Company held on 2 October 2007. The change of name of the Company was approved by the Registrar of Companies in the Cayman Islands on 18 October 2007. The relevant certificate of incorporation on change of name has been issued by the Registrar of Companies in the Cayman Islands on 18 October 2007. The certificate of registration of change of name of overseas company has been issued by the Registrar of Companies in Hong Kong on 5 November 2007 to confirm that the Company has been registered under the name “Emcom International Limited” with effect from that date.

FINANCIAL REVIEW

During the nine months ended 31 December 2007 the Group recorded a turnover of approximately HK\$93,915,000, an increase of approximately 1.6 times as compared to the corresponding period in 2006.

Net loss attributable to equity shareholders of the Company for the nine months ended 31 December 2007 was approximately HK\$10,836,000 while net loss for the corresponding period in 2006 was approximately HK\$4,724,000.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2007, the Group had total assets of approximately HK\$142,604,000 (31 March 2007: approximately HK\$83,871,000), including cash and bank balances of approximately HK\$70,185,000 (31 March 2007: approximately HK\$8,624,000). There was no pledged bank deposit as at 31 December 2007 (31 March 2007: Nil).

During the nine months ended 31 December 2007, the Group financed its operations mainly with its own working capital, advance from a shareholder and proceeds from placement of new shares of the Company completed in July 2007. During the same period, funds had been applied to redeem the convertible bond and repay a loan from a former director. As at 31 December 2007, there was no bank overdraft (31 March 2007: Nil) and there was no charge on the Group's assets (31 March 2007: Nil).

As at 31 December 2007, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.76 (31 March 2007: approximately 0.85).

The shares of the Company were listed on GEM on 12 November 2002. During the nine months ended 31 December 2007, the Company had issued 1,800,000,000 new shares in the placement completed on 31 July 2007. A change in controlling shareholder of the Company is resulted following the placement.

The Group's transactions during the nine months ended 31 December 2007 were mainly denominated in Renminbi, HK Dollars and US Dollars. The Renminbi income received from sales in PRC was fully applied to working capital need of the Group in PRC.

OPERATION REVIEW AND PROSPECTS

During the nine months ended 31 December 2007, the Group successfully expanded the business into mobile phones whereas its contribution substantially exceeded that from other product segments. Due to the fierce competition in the market, the new product segment had not yet yielded satisfactory results to the Group. The joint venture company established at the beginning of 2006 which is engaged in the manufacturing of office automation equipment continued to provide marginally positive returns 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 is 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. It is expected that business will commence in the second quarter of 2008.

During the period under review, the Company set up a wholly-owned subsidiary, EmCall Pte Limited ("EmCall") to spearhead the marketing of telecommunications services to various market segments covering South East Asia, Taiwan and Hong Kong. EmCall will utilize the T2Free Platform (as mentioned above the paragraph), as well as its own platforms to deliver the products and services to its market. The focus of EmCall 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 has commenced business in November 2007 and the management is confident with the business in future.

On 11 October 2007, the Company and Sunshine Empire Pte Limited, an independent third party (the "Subscriber") entered into a subscription agreement whereby the Subscriber agreed to subscribe for convertible bond in the principal amount of US\$8,000,000 (or approximately HK\$62,400,000). The net proceeds from the issue of the convertible bond will be used as investment and general working capital. The subscription has been completed on 31 October 2007. The Directors of the Company consider that the issue of the convertible bond may provide the Company with funding without immediate dilution of the shareholding of the shareholders of the Company. In addition, the Directors of the Company believe that the issue of the convertible bond provides an opportunity for the Company to enlarge its capital base (if the bondholder converts its right).

In the near future, a number of subsidiaries shall be formed to tap the telecommunication markets in Taipei, Shenzhen and Shanghai. Given the relatively more advance in technology and the ever-increasing demands in these major cities, the Directors of the Company believe that there are still plenty of potentials in these markets.

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

As at 31 December 2007, the following Directors of the Company had or were 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 the 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 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:

(A) LONG POSITIONS IN THE SHARES

Name of Directors	Nature of interest	Number of shares	Approximate percentage of issued share capital
<i>(Note 3)</i>			
Mr. Yong Wai Hong ^{Note 1}	Interest of controlled corporation	1,736,740,000	64.87%
Mr. Lee Pin Yeow ^{Note 2}	Interest of controlled corporation	1,736,740,000	64.87%
Mr. Lam Kwok Ho	Beneficial owner	16,000	0.00%

Notes:

- (1) Mr. Yong Wai Hong is deemed to be interested in 1,736,740,000 shares through its beneficial interest in 15% of the entire issued share capital of Emcom Limited. Emcom Limited is a concert party with Smart Step Holdings Limited, Jolly King Limited and Modern China Holdings Limited under section 317(a) of the SFO.
- (2) Mr. Lee Pin Yeow is deemed to be interested in 1,736,740,000 shares through its beneficial interest in 10% of the entire issued share capital of Emcom Limited. Emcom Limited is a concert party with Smart Step Holdings Limited, Jolly King Limited and Modern China Holdings Limited under section 317(a) of the SFO.
- (3) Based on the enlarged share capital of the Company after full conversion of the convertible bond in the principal amount of US\$8,000,000 based on the conversion price of HK\$0.26 (assuming no share options have been exercised).

(B) LONG POSITIONS IN THE UNDERLYING SHARES OF THE COMPANY

The Company adopted a share option 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 31 December 2007 were as follows:

Name of Director	Date of grant	Number	Number	Number	Exercise price HK\$	Exercise Period
		of option held as at 1 April 2007	of option granted during the period	of option held as at 31 December 2007		
Mr. Chan Cheong Yee	3/10/2007	-	200,000	200,000	0.312	3/10/2008-3/10/2012
Mr. Lam Kwok Ho	3/10/2007	-	200,000	200,000	0.312	3/10/2008-3/10/2012
Ms. Tsang Fung Chu	3/10/2007	-	200,000	200,000	0.312	3/10/2008-3/10/2012

Save as disclosed above, as at 31 December 2007, none of the Directors nor the chief executive of the Company had or were 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), which were required (i) 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) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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.

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 31 December 2007, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares 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 who were directly or 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:

LONG POSITIONS IN THE SHARES

Name of Shareholder	Number of Shares held	Approximate percentage of issued share capital (Note 7)
Emcom Limited ^{Note 1}	1,736,740,000	64.87%
Smart Step Holdings Limited ^{Note 2}	1,736,740,000	64.87%
Mr. Lim Yi Shenn ^{Note 2}	1,736,740,000	64.87%
Jolly King Limited ^{Note 3}	1,736,740,000	64.87%
Mr. Phang Wah ^{Note 3}	1,736,740,000	64.87%
Modern China Holdings Limited ^{Note 4}	151,684,000	5.67%
Sunshine Empire Pte Limited ^{Note 5}	240,000,000	8.96%
Mr. Hoo Choon Cheat Jackie ^{Note 6}	240,000,000	8.96%
Mr. Lee Wai Kin ^{Note 6}	240,000,000	8.96%

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 and Mr. Lee Pin Yeow are both executive Directors. Emcom Limited is a concert party with Smart Step Holdings Limited, Jolly King Limited and Modern China Holdings Limited under section 317(a) of the SFO. Therefore, Emcom Limited is deemed to be interested in 1,736,740,000 shares.
- (2) The issued share capital of Smart Step Holdings Limited is beneficially and wholly owned by Mr. Lim Yi Shenn. Smart Step Holdings Limited is a concert party with Emcom Limited, Jolly King Limited and Modern China Holdings Limited under section 317(a) of the SFO. Therefore, Smart Step Holdings Limited is deemed to be interested in 1,736,740,000 shares.
- (3) 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 1,736,740,000 shares.
- (4) Modern China Holdings Limited is wholly and beneficially owned by Mr. Chen Jijin who was formerly the chairman and an executive Director.
- (5) These 240,000,000 shares are the underlying shares which are issuable to Sunshine Empire Pte Limited (assuming full conversion of the convertible bond in the principal amount of US\$8,000,000 based on the conversion price of HK\$0.26).
- (6) The issued share capital of Sunshine Empire Pte Limited is beneficially owned as to 50% by Mr. Hoo Choon Cheat Jackie and 50% by Mr. Lee Wai Kin.
- (7) Based on the enlarged share capital of the Company after full conversion of the convertible bond in the principal amount of US\$8,000,000 based on the conversion price of HK\$0.26 (assuming no share options have been exercised).

Save as disclosed above, as at 31 December 2007, the Directors were 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 positions in the shares or underlying shares (including any interests in options in respect of such capital), 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 who was directly or 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.

SHARE OPTION SCHEME

The Company adopted a share option 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 which were as follows:

Category	Date of grant	Number of option held as at 1 April 2007	Number of option granted during the period	Number of option held as at 31 December 2007	Exercise price HK\$	Exercise Period (Note)
Directors	3/10/2007	–	600,000	600,000	0.312	3/10/2008-3/10/2012
Employees	3/10/2007	–	2,264,000	2,264,000	0.312	3/10/2008-3/10/2012
Advisors	3/10/2007	–	9,296,000	9,296,000	0.312	3/10/2008-3/10/2012
		–	12,160,000	12,160,000		

Note:

The options are exercisable during the 4-year period from the first anniversary of the offer date to the expiry of the fifth anniversary of the offer date (i.e. from 3 October 2008 to 3 October 2012) in the following manner:

- (1) 20% of the respective option shares will be exercisable by the related grantee after the first anniversary of the offer date; and
- (2) The remaining 80% of the respective option shares will be exercisable by the related grantee after the third anniversary of the offer date.

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES", "PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS" and "SHARE OPTION SCHEME" above, none of the Directors or employees of the Group or their respective 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 31 December 2007.

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 TRANSACTIONS

For the nine months ended 31 December 2007, the Group paid rental expenses in the amount of approximately HK\$192,000 to a company controlled by a former director of the Company included in the income statement (nine months ended 31 December 2006: HK\$177,000).

PURCHASE, SALE OR REDEMPTION OF SHARES

For the period ended 31 December 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

AUDIT COMMITTEE

The Company 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, Mr. Chan Cheong Yee, Ms. Tsang Fung Chu and Mr. Wong Chi Keung Patrick. The Group's unaudited results for the nine months ended 31 December 2007 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.

16

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 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 nine months ended 31 December 2007.

By Order of the Board

Emcom International Limited

Yong Wai Hong

Chairman and Chief Executive Officer

Hong Kong, 4 February 2008

As at the date of this report, Mr. Yong Wai Hong, Mr. Lee Pin Yeow and Mr. Lam Kwok Ho are the executive Directors and Mr. Chan Cheong Yee, Ms. Tsang Fung Chu and Mr. Wong Chi Keung Patrick are the independent non-executive Directors.