
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Emcom International Limited (the “**Company**”), you should at once hand this circular and accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any losses howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



EMCOM INTERNATIONAL LIMITED

帝通國際有限公司*

(to be renamed as “BINGO GROUP HOLDINGS LIMITED”)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

**VERY SUBSTANTIAL DISPOSAL
AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT**

A letter from the Board (as defined herein) is set out on pages 4 to 12 of this circular.

A notice convening an extraordinary general meeting (the “**EGM**”) of the Company to be held on 16 August 2010 at 10 a.m. at 46/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong is set out on pages 54 to 55 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish and in such event, the proxy shall be deemed to be revoked.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication.

29 July 2010

* *for identification purpose only*

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

| | <i>Page</i> |
|--|-------------|
| DEFINITIONS | 1 |
| LETTER FROM THE BOARD | 4 |
| APPENDIX I – FINANCIAL INFORMATION OF THE GROUP | 13 |
| APPENDIX II – UNAUDITED PRO-FORMA FINANCIAL INFORMATION | 35 |
| APPENDIX III – VALUATION REPORT ON THE PROPERTY | 42 |
| APPENDIX IV – GENERAL INFORMATION | 46 |
| NOTICE OF EGM | 54 |

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

| | |
|-----------------|---|
| “Agreement” | the Provisional Sale and Purchase Agreement dated 9 March 2010 in connection with the Disposal as varied by and/or merged with the Formal Sale and Purchase Agreement dated 23 April 2010, the completion of which is subject to the fulfillment of the Conditions set out in this circular |
| “Announcement” | the announcement of the Company dated 21 March 2010 in relation to the Disposal |
| “Beglobal” | Beglobal Investments Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company |
| “Board” | the board of directors of the Company |
| “Business Day” | a day (other than Saturday and Sunday) on which banks in Hong Kong are open to conduct business generally |
| “Company” | Emcom International Limited (帝通國際有限公司*), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM of the Stock Exchange |
| “Completion” | the completion of the Disposal upon satisfaction of the Conditions on or before 21 September 2010 |
| “Conditions” | the conditions precedent under the Provisional Sales and Purchase Agreement required to be fulfilled prior to the Completion |
| “Consideration” | HK\$320,000,000 (Hong Kong Dollars Three Hundred and Twenty Million), the purchase price payable by the Purchaser to the Vendor for the purchase of the Property |
| “Directors” | director(s) of the board of the Company |
| “Disposal” | the proposed disposal of the Property by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement |
| “EGM” | an extraordinary general meeting of the Company to be held for the Shareholders to consider and if thought fit to approve the Agreement, the Disposal and the transactions contemplated thereunder and the refreshment of Scheme Mandate Limit |

* *for identification purpose only*

DEFINITIONS

| | |
|---|--|
| “Formal Sale and Purchase Agreement” | the formal sale and purchase agreement entered into between the Purchaser and the Vendor on 23 April 2010 in relation to the Disposal |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM |
| “GI (Canton)” | GI Space (Canton) Limited (formerly known as “TY Space Limited”), a company incorporated in Hong Kong with limited liability, which is beneficially owned as to 100% by the Company as at the Latest Practicable Date |
| “GI Space” | GI Space Limited, a company incorporated in Hong Kong with limited liability, which is beneficially owned as to 100% by the Company as at the Latest Practicable Date |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Practicable Date” | 28 July 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “Mega Charming” | Mega Charming Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Ryoden Property Development Company Limited and a substantial shareholder of the Company |
| “Property” | the whole of the Ground Floor, Upper Ground Floor, 1st and 2nd Floors, Lising Court, Nos. 34 & 36 Granville Road, Kowloon. |
| “Provisional Sale and Purchase Agreement” | the provisional sale and purchase agreement entered into between the Purchaser and the Vendor on 9 March 2010 in relation to the Disposal |
| “Purchaser” | Success Build Limited, a company incorporated in Hong Kong with limited liability and its principal activity is investment holdings. Its ultimate beneficial owner is CSI Properties Limited (Stock code: 497HK), a company listed on the main board of the Stock Exchange of Hong Kong Limited. |

DEFINITIONS

| | |
|------------------------|--|
| “Scheme Mandate Limit” | the maximum number of Shares which may be allotted and issued upon the exercise of all options which shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders |
| “Share(s)” | ordinary share(s) of HK\$0.02 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share Option Scheme” | the share option scheme of the Company approved and adopted by the Company on 19 October 2002 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Undertakings” | the undertakings from Mega Charming and Beglobal, being the substantial Shareholders of the Company, to vote in favour of all relevant Shareholders’ resolutions in connection with the Disposal in such form reasonably satisfactory to the Purchaser |
| “Vendor” | Power Alliance Investment Limited, incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

LETTER FROM THE BOARD



EMCOM INTERNATIONAL LIMITED

帝通國際有限公司*

(to be renamed as “BINGO GROUP HOLDINGS LIMITED”)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

Executive Directors:

Mr. Chiau Sing Chi,
Mr. Chan Cheong Yee
Mr. Yik Chok Man

Non-executive Directors:

Mr. Chong Lee Chang
Mrs. Chin Chow Chung Hang, Roberta

Independent non-executive Directors:

Ms. Tsang Fung Chu
Mr. Wong Chi Keung Patrick
Mr. Leung Ka Kui, Johnny
Mrs. Chen Chou Mei Mei, Vivien

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681,
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 1201 – 1204,
12th Floor, Sea Bird House,
22 – 28 Wyndham Street, Central,
Hong Kong

29 July, 2010

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT**

INTRODUCTION

Reference is made to the announcement of the Company dated 21 March 2010 in which the Board announced that on 9 March 2010, the Vendor, a wholly owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Property at a consideration of HK\$320,000,000. Subsequently, the parties to the Provisional Sale and Purchase Agreement entered into the Formal Sale and Purchase Agreement in respect of the Disposal.

* for identification purpose only

LETTER FROM THE BOARD

The Board also proposes to refresh the Scheme Mandate Limit and will propose resolution for the refreshment of the Scheme Mandate Limit at the EGM.

The purpose of this circular is to provide you with information regarding (i) further information on the Agreement and the Disposal; (ii) the proposed refreshment of the Scheme Mandate Limit; (iii) the notice of the EGM; and (iv) other information as required under the GEM Listing Rules.

THE DISPOSAL

The Vendor and the Purchaser entered into the Provisional Sale and Purchase Agreement on 9 March 2010 and subsequently the Formal Sale and Purchase Agreement on 23 April 2010. Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Property for the residue of the term of years created by the relevant Government Leases subject to and with the benefit of the relevant Government Leases, Deed of Mutual Covenants and Sub-Deed of Mutual Covenants, and subject to existing tenancies/licences, if any, on the terms and conditions set out in the Agreement.

The acquisition of the Property was completed on 7 October 2009. From December 2009 to March 2010, the Company occasionally received unsolicited verbal offers from property agents enquiring the possibility of disposing the Property. As those offers were either informal or unattractive, the Company showed no intention to dispose the Property as disclosed in the 2009 third quarter result announcement dated 5 February 2010 and the announcement dated 22 February 2010 in relation to the proposed connected transactions of the Company. On 8 March 2010, the Company received two separate written offers from two independent potential buyers showing their intention to acquire the Property. After reviewing the terms of the tenancy/licence agreements and upon further negotiation with the independent potential buyers, the Company conducted two board meetings respectively on 8 and 9 March 2010 to discuss the offers. After careful review and discussion among the Board on the potential benefits as stated under the section “Reason for and Benefit for the Disposal” below, the Company finally accepted the offer from the Purchaser on 9 March 2010 (after trading hours). The Provisional Sale and Purchase Agreement was subsequently entered into between the Company and the Purchaser on 9 March 2010 (after trading hours).

THE AGREEMENT

Parties:

Vendor: Power Alliance Investment Limited, a wholly-owned subsidiary of the Company

Purchaser: Success Build Limited, a company incorporated in Hong Kong with limited liability and its principal activity is investment holdings. Its ultimate beneficial owner is CSI Properties Limited (Stock code: 497HK), a company listed on the main board of the Stock Exchange.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules) and have no relationship with the substantial Shareholders of the Company. In addition, the substantial Shareholders of the Company have no material interests in the Disposal that is different from other Shareholders.

LETTER FROM THE BOARD

The Property to be disposed of

Pursuant to the Agreement, the Company has agreed to sell and the Vendor has agreed to acquire the Property at a consideration of HK\$320,000,000.

The Property is a shopping mall named “Granville Identity” or “gi”, located in Tsimshatsui, Kowloon, Hong Kong with a gross floor area of approximately 1,526.20 square meters. The Property is currently managed by GI Space Limited, a wholly owned subsidiary of the Company. The Property comprises the whole of the ground floor, upper ground floor, 1st and 2nd floors, at the Lising Court, Nos. 34 & 36 Granville Road, Kowloon, Hong Kong and under government leases for a common term of 75 years from 24 June 1963. The shops of the Property currently have an occupation rate of approximately 95% and all shops are operated under licence agreements. The licence periods of the shops vary from two weeks to twenty-four months.

The Group is principally engaged in sales and trading of electronic and telecommunications and electronic equipment, computer hardware and relevant peripherals and commodities, provision of property management services, property investment and filmed entertainment business. After the Disposal, save as property investment, the Company intends to continue to operate the rest of its remaining principal business. GI Space is required to discontinue the property management services rendered to the Property at the Purchaser’s discretion. It will however continue to source other new opportunities in property management segment. The Company will also continue to manage a shopping mall in Canton Road Kowloon through GI (Canton), which is one of the property management companies within the Group. Hence the property management segment will continue to be operated by the Group after the Disposal.

According to the annual report of the Company for the year ended 31 March 2010, the turnovers in respect of trading business and property holding and management services were approximately HK\$678,730,000 and HK\$9,257,000 (of which HK\$6,638,000 was generated as rental income from the Property) respectively, which represented 98.7% and 1.3% of the Company’s turnover respectively. The audited net profit before taxation attributable from the Property for the two years ended 31 March 2010 amounted to approximately HK\$13,185,000 (a net loss of approximately HK\$6,815,000 if not taking into account on the revaluation gain of the Property of HK\$20,000,000) and HK\$44,000. Based on the operating activities, the Directors are of the view that the Company will be able to maintain a sufficient scale of operation with the Company’s remaining business after the Disposal of the Property, and such business activities are able to meet the requirement of maintaining sufficient business operation under the GEM Listing Rules.

It is also the intention of the Company to review its operations periodically based on (i) the profitability; (ii) the risk exposure and (iii) the market and financial environment which affects the operations in different sectors. The Company will also continue to source and identify appropriate investments such as the Filmed Entertainment Business (as disclosed in the announcement of the Company dated 22 February 2010), in order to improve its performance and return to the Shareholders.

LETTER FROM THE BOARD

Principal Terms of the Agreement

- i. The Vendor shall sell the Property to the Purchaser with good title.
- ii. The Purchaser declares and confirms that it has inspected the premises and agrees to purchase the Property on an “as is” basis. All tenancy/licence deposits in respect of the existing tenancies/licences shall be transferred to the Purchaser on Completion. The Purchaser shall release and refund in full the deposits in respect of the existing tenancies/licences upon the expiry of such existing tenancies/licences.
- iii. In respect of those parts of the Property not subject to existing tenancies/licences, vacant possession of the same shall be delivered to the Purchaser on Completion.
- iv. On or before 23 March 2010, being 14 days from the date of the Provisional Sale and Purchase Agreement, the Vendor shall procure to deliver and had delivered to the Purchaser the Undertakings from Mega Charming and Beglobal, the substantial shareholders of the Company, which respectively held 7.04% and 14.45% shareholding of the Company.

For further details of the Property and GI Space Limited, please also refer to the announcements of the Company dated 3 December 2008 and 4 June 2009. For further details of the valuation report on the Property, please refer to Appendix III of this circular.

The existing net rental income of the tenancy/licence is approximately HK\$1,100,000 per month (being the average net rental income of the tenancy/licence received from the date of the acquisition of the Property to 31 March 2010), exclusive of rates, management fee, air-conditioning charges, and other expenses.

Consideration

The Consideration for the Disposal is in the sum of HK\$320,000,000, payable in cash, which was determined after arm’s length negotiations between the parties to the Agreement on normal commercial terms and shall be payable by the Purchaser to the Vendor in the following manner:

1. an initial deposit in the sum of HK\$10,000,000 was paid on 9 March 2010 upon signing the Provisional Sale and Purchase Agreement;
2. a further deposit in the sum of HK\$22,000,000 was paid on 23 March 2010, being the date falling 14 days from the date of the Provisional Sale and Purchase Agreement;
3. a part payment of the Consideration in the sum of HK\$16,000,000 was paid on 30 March 2010, being the date falling 21 days from the date of the Provisional Sales and Purchase Agreement; and
4. the balance of the Consideration equivalent to HK\$272,000,000 shall be paid upon Completion of the Disposal.

LETTER FROM THE BOARD

The initial deposit, further deposit and part payment of the Consideration payable by the Purchaser mentioned in (1), (2) and (3) above shall be paid to the Vendor's solicitors as stakeholders who may only release the same to the Vendor subject to (i) the balance of the Consideration remains sufficient to discharge the existing legal charge and or mortgage; and (ii) the necessary approvals from the Shareholders for the Disposal is obtained at the EGM to be held by the Company.

In addition, the Purchaser will be responsible for the payment of any stamp duty in respect of the Disposal.

Basis of determining the Consideration

The Consideration for the Disposal is HK\$320,000,000 representing a premium of 5.61% over the book value of the Property of HK\$303,000,000 as at 31 December 2009. The Consideration was determined after arm's length negotiations between the Vendor and Purchaser, taking into account the recent market conditions of the property market in Hong Kong and with reference to a valuation of the Property at HK\$300,000,000 as at 10 May 2009 made by Prudential Surveyors International Limited, an independent qualified property valuer. According to the valuation report prepared by Greater China Appraisal Limited, an independent property valuer, as set out in Appendix III of this circular, the market value of the Property amounted to HK\$320,000,000 as at 31 May 2010.

Conditions for Completion

The Completion of the Disposal will take place at or before 5:00 p.m. on or before 21 September 2010. Completion for the sale and purchase of the Property is subject to, among others, the following Conditions having been fulfilled or satisfied:—

1. the Vendor shall on Completion cause the termination of the licence in respect of the Property granted by the Vendor to GI Space, and either (a) to assign and novate in favour of the Purchaser of all subsisting sub-licences made between GI Space and the existing sub-licencees in respect of the Property or (b) to terminate those sub-licences made between GI Space and the sub-licencees not assigned and novated pursuant to (a) above; and
2. the passing of the necessary resolution(s) by the Shareholders at the EGM approving the Disposal in accordance with the requirement of the GEM Listing Rules.

If these conditions are not satisfied by Completion, all deposits and part payment(s) of the Consideration paid by the Purchaser under the Provisional Sale and Purchase Agreement shall forthwith be released and refunded in full, without interest, to the Purchaser and thereafter neither party shall have any obligations and liabilities towards each other.

LETTER FROM THE BOARD

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

The net loss before taxation and extraordinary items and the net profit after taxation and extraordinary items generated from the Property for the financial year ended 31 March 2010 were HK\$6,815,000 and HK\$11,006,000 respectively and the net profits (before and after taxation and extraordinary items) generated from the Property for the financial year ended 31 March 2009 were HK\$44,000 and HK\$44,000 respectively.

It is expected that the Group will record a gain from the Disposal of approximately HK\$5,600,000, being the difference between the Consideration of HK\$320 million and the carrying value of the Property of HK\$320 million as at 31 March 2010 and taking into account the estimated direct transaction costs of approximately HK\$3,400,000 to be incurred and reversal of deferred tax liabilities in relation to the Property of approximately HK\$9 million.

As shown on the pro forma financial statements in Appendix II, both the assets and liabilities of the Group will be reduced from approximately HK\$394,956,000 to approximately HK\$187,983,000 and from approximately HK\$307,986,000 to approximately HK\$95,277,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company decided to dispose of the Property after it was approached by the two potential buyers with valid and attractive offers. After obtaining the Board's approval, the Company responded immediately to the offers and realized the Property with a profit. The Company recognized that the financial and property market environment in Hong Kong and overseas have changed substantially in the past few months, and the sustainability of Hong Kong's strong property market relied on a number of uncertain factors:

- i. the development of the debt crisis in the Middle East and Europe;
- ii. the recovery of the US economy;
- iii. the PRC government's financial policies and measures to control the credit growth such as raising the reserve requirements for the PRC banks; and
- iv. the issuing of guidelines by the Hong Kong Monetary Authority to the banks to restrict their aggressive lending policy.

The Company believes all the above factors may have some dampening effect on the property market in Hong Kong. In addition, the Company has considered various other benefits that may arise as a result of the Disposal:

- i) capture the opportunity to realize its investment under the revitalizing property market;
- ii) improve cashflow and liquidity position;
- iii) reduce overall gearing;

LETTER FROM THE BOARD

- iv) reduce short term financial obligations as approximately 50% of the Company's borrowings is short term advance;
- v) increase general working capital and cash resources for any future potential investment opportunities that may arise from time to time; and
- vi) the sale proceeds are all in cash whereas the Property was originally acquired for "non-cash consideration" comprising issuance of the Company's shares and convertible bonds which had significantly broaden the capital base, net asset value and market capitalization of the Company.

Taking into account the favourable Consideration of the Disposal as compared with the cost of acquisition of the Property, the Directors (including the independent non-executive Directors) consider that the Provisional Sale and Purchase Agreement was entered into after arm's length negotiation and the terms therein are determined in accordance with the normal practice in the property market and the terms of the Provisional Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The Company will utilize about half of the sale proceeds to repay all the bank borrowings and intend to retain the remaining portion (the "**Remaining Proceeds**") for general working capital purpose and/or to source and identify for appropriate investment opportunities that may arise. A bank loan of approximately HK\$147,000,000 was borrowed from Fubon Bank (Hong Kong) Limited, at the date of completion of the acquisition of the Property on 7 October 2009 for the purpose of refinancing the mortgage loan of the Property. At the date of this circular, the total amount of bank loans outstanding was approximately HK\$155,000,000.

The Company intends to use approximately, 50% of the Remaining Proceeds, after the repayment of the abovementioned bank loan, to increase the general working capital for the Company's business operations, and to utilize the other 50% of the Remaining Proceeds to source and identify appropriate investment opportunities in order to improve its performance and return to the Shareholders. As at this circular date, the Company has not identified any specific investment target, and if no suitable investment target could be identified and invested, such allocated proceeds will be reallocated as general working capital for the Company to support its business operations.

FINANCIAL AND TRADING PROSPECT

As disclosed in the 2010 annual report of the Company, the management of the Company has taken the greatest effort to explore other business opportunities in order to maximize the wealth of the Shareholders. The Directors are of the view that after the Disposal, the management can put more effort on the new businesses. Going forward, after the Disposal, the Company will put more focus on its new businesses – filmed entertainment business, licensing business and online games and multimedia business.

The Directors are of the view that the financial year ending 31 March 2011 will still be a year full of challenges. Nevertheless the management remains confident to move forward to a new era and is optimistic about the prospects of the Group's business in 2010 and beyond.

LETTER FROM THE BOARD

REFRESHMENT OF THE SCHEME MANDATE LIMIT

Under the GEM Listing Rules, the maximum number of Shares which may be allotted and issued upon the exercise of all options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders.

At the annual general meeting of the Company held on 27 July 2009, the Scheme Mandate Limit was refreshed so that the total number of Shares which may fall to be issued upon exercise of all Options to be granted under the Share Option Scheme or other schemes shall not exceed 165,838,912 Shares, being 10% of the issued share capital of the Company as at 27 July 2009 and after taking into account of the share consolidation as announced on 17 July 2009.

As at the Latest Practicable Date, the Company has granted, in aggregate, options under the Share Option Scheme and any other share option schemes of the Company to subscribe for 281,570,000 Shares since its adoption, of which 215,069,000 options were exercised, representing approximately 7.8% of the issued share capital of the Company. 66,501,000 options under the Share Option Scheme remained outstanding, representing approximately 2.4% of the issued share capital of the Company, as at the Latest Practicable Date.

As at the Latest Practicable Date, there were 2,744,559,126 Shares in issue. Pursuant to the terms of the Share Option Scheme and in compliance with the GEM Listing Rules, the maximum number of Shares which may be issued upon the exercise of all the options to be granted under the Share Option Scheme under the Scheme Mandate Limit as refreshed should be 274,455,912 Shares, being 10% of the Shares in issue and assuming no further issue or repurchase of Shares during the period between the Latest Practicable Date up to and including the date of the EGM.

The number of options that can be further granted under the Share Option Scheme before refreshment is 1,338,912 options. As at the Latest Practicable Date, the number of options granted under the Share Option Scheme that was exercised, lapsed or cancelled is 113,000,000 options. The number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes at any time shall not exceed 30% of the Shares in issue from time to time.

The proposed refreshment of the Scheme Mandate Limit is conditional upon:

- (1) the passing of an ordinary resolution by the Shareholders to approve the proposed refreshment; and
- (2) the Listing Committee granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of the options granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Shares, representing 10% of the Shares in issue at the EGM, which may fall to be issued upon the exercise of the options that may be granted under the refreshed Scheme Mandate Limit.

The Directors consider that the renewal of the Scheme Mandate Limit is in the best interests of the Company and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other selected participants under the Share Option Scheme. The renewal of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme.

LETTER FROM THE BOARD

LISTING RULES IMPLICATION

The Disposal constitutes a very substantial disposal on the part of the Company under Rule 19.06 of the GEM Listing Rules and is subject to the Shareholders' approval requirements under the GEM Listing Rules. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholders have a material interest in the Disposal and are required to abstain from voting at the EGM.

Pursuant to Rule 20.03(3) of the GEM Listing Rules, the refreshment of the Scheme Mandate Limit shall be subject to the Shareholders' approval requirements under the GEM Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the refreshment of Scheme Mandate Limit and are required to abstain from voting at the EGM.

EGM

A notice convening the EGM to be held at 46/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong on 16 August 2010 at 10 a.m. is set out on pages 54 to 55 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any votes at the EGM will be taken by poll.

RECOMMENDATION

The Board considers that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non executive Directors) recommend that all Shareholders should vote in favour of the resolution in respect of the Disposal as set out in the notice of the EGM.

The Board also considers that the refreshment of the Scheme Mandate Limit is fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly, the Directors also recommend the Shareholders to vote in favour of the resolution in respect of the refreshment of the Scheme Mandate Limit as set out in the notice of EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
EMCOM INTERNATIONAL LIMITED
Chan Cheong Yee
Executive Director

UNAUDITED INCOME STATEMENTS ON THE IDENTIFIABLE NET INCOME STREAM IN RELATION TO AND VALUATIONS OF THE PROPERTY

In accordance with paragraph 68(2)(b)(i) of Chapter 19 of the GEM Listing Rules, the income statement of the Property for the years ended 31 March 2008, 2009, 2010 and the valuation of the Property as at 31 March 2010 are set out below. In the opinion of the directors of the Company, such information has been properly compiled and derived from the underlying books and records and valuation reports of the Property of the Group.

Income statement of the Property

| | Year ended 31 March | | |
|--|----------------------|------------------|-----------------|
| | 2010 | 2009 | 2008 |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| | Note 1 | Note 2 | Note 3 |
| Turnover | 7,001 | 208 | – |
| Operating cost | <u>(7,391)</u> | <u>–</u> | <u>–</u> |
| Gross (loss)/profit | (390) | 208 | – |
| Reimbursement from licensor | 3,347 | 1,869 | – |
| Administrative expenses | (7,992) | (2,033) | – |
| Fair value change in investment properties | 20,000 | – | – |
| Finance cost | <u>(1,780)</u> | <u>–</u> | <u>–</u> |
| Profit before taxation | 13,185 | 44 | – |
| Taxation | <u>(2,179)</u> | <u>–</u> | <u>–</u> |
| Profit for the year | <u><u>11,006</u></u> | <u><u>44</u></u> | <u><u>–</u></u> |

Notes:

- Intra-group transactions including turnover, operating cost and reimbursement from licensor between Gi Space Limited, manager of the Property, and Power Alliance Investment Limited, registered owner of the Property, in approximate amounts of HK\$77,000, HK\$4,143,000 and HK\$4,067,000 for the year ended 31 March 2010 have been eliminated in the Income statement of the Property.
- There is no intra-group transactions between the manager and the registered owner of the Property in respect of the Property for the year ended 31 March 2009.
- Gi Space Limited, manager of the Property, and Power Alliance Investment Limited, the registered owner of the Property, were acquired by the Company, in Dec 08 and Oct 09 respectively. No income and expenses of the Property was included in the financial statements of the Group for the year ended 31 March 2008.

Valuation of the Property**As at 31 March 2010***HK\$'000*

| | |
|---------------------------|-----------------------|
| Valuation of the Property | <u><u>320,000</u></u> |
|---------------------------|-----------------------|

Notes:

1. The valuation of the Property were based on the valuation report prepared by Greater China Appraisal Limited, an independent firm of chartered surveyors by comparison method based on prices realized or market prices of similar comparable properties.
2. The Company acquired the Property, in October 2009. The fair value of the Property is not consolidated in the consolidated balance sheet of Emcom International Limited as at 31 March 2008 and 2009. Therefore, the fair value of the Property as at 31 March 2008 and 2009 is not disclosed above.

Procedures have been carried out by Graham H.Y. Chan & Co., the reporting accountants of the Company, on the unaudited income statement of the Property and valuation of the Property as shown in the above tables in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants to ensure that such information was in agreement with the underlying books and records of the Group or the valuation reports prepared by Greater China Appraisal Limited, an independent firm of chartered surveyors. Graham H.Y. Chan & Co., the reporting accountants of the Company, reported that they found that such information was in agreement with the underlying books and records of the Group or the valuation reports prepared by Greater China Appraisal Limited.

SUMMARY OF FINANCIAL INFORMATION

The financial information of the Group for the three financial years ended 31 March 2010, as extracted from the audited financial statements, is set out below.

CONSOLIDATED INCOME STATEMENT

| | For the year ended 31 March | | |
|---|-----------------------------|------------------------|------------------------|
| | 2010 | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Continuing operations | | | |
| Turnover | 687,987 | 213,195 | – |
| Cost of sales | (676,631) | (210,589) | – |
| Operating cost | <u>(7,391)</u> | <u>–</u> | <u>–</u> |
| Gross profit | 3,965 | 2,606 | – |
| Reimbursement from licensor | 3,347 | 2,271 | – |
| Gain arising on change in fair value of investment properties | 20,000 | – | – |
| Other revenue and other net income | 48 | 122 | 3,620 |
| Selling expenses | (33) | (116) | – |
| Administrative expenses | (50,936) | (29,606) | (12,932) |
| Other losses | (24,322) | (16,108) | (2,208) |
| Share of loss of associates | (84) | (63) | – |
| Finance costs | <u>(4,820)</u> | <u>(77)</u> | <u>(1,475)</u> |
| Loss before taxation | (52,835) | (40,971) | (12,995) |
| Taxation | <u>(2,719)</u> | <u>(313)</u> | <u>–</u> |
| Loss for the year from continuing operations | (55,554) | (41,284) | (12,995) |
| Discontinued operations | | | |
| Profit/(loss) for the year from discontinued operations | <u>22,042</u> | <u>(54,637)</u> | <u>(14,193)</u> |
| Loss for the year | <u><u>(33,512)</u></u> | <u><u>(95,921)</u></u> | <u><u>(27,188)</u></u> |
| Loss attributable to: | | | |
| Owners of the Company | (32,916) | (95,531) | (27,067) |
| Non-controlling interests | <u>(596)</u> | <u>(390)</u> | <u>(121)</u> |
| | <u><u>(33,512)</u></u> | <u><u>(95,921)</u></u> | <u><u>(27,188)</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 31 March | | |
|---|-----------------|-----------------|-----------------|
| | 2010 | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 2,182 | 3,039 | 7,746 |
| Other intangible assets | – | – | – |
| Goodwill | 7,556 | 2,700 | – |
| Interest in a jointly controlled entity | – | – | 21,326 |
| Payment for investment in a joint venture | – | – | 8,653 |
| Interests in an associate | – | – | – |
| | <u>9,738</u> | <u>5,739</u> | <u>37,725</u> |
| CURRENT ASSETS | | | |
| Inventories | – | 15,050 | 4,940 |
| Trade receivables | 1,177 | 5,395 | 4,179 |
| Other receivables, deposits and prepayments | 54,245 | 5,307 | 15,014 |
| Amount due from a jointly controlled entity | – | – | 30 |
| Security deposit to a related company | – | 800 | – |
| Pledged bank deposit | – | 150 | 150 |
| Bank balances and cash | 9,796 | 15,324 | 39,612 |
| | <u>65,218</u> | <u>42,026</u> | <u>63,925</u> |
| Assets classified as held for sale | <u>320,000</u> | <u>578</u> | <u>–</u> |
| | <u>385,218</u> | <u>42,604</u> | <u>63,925</u> |
| CURRENT LIABILITIES | | | |
| Trade payables | 8,236 | 2,740 | 4,316 |
| Deposits received, other payables and accruals | 61,589 | 20,899 | 6,480 |
| Promissory note | – | 900 | – |
| Amount due to an associate | 147 | 63 | – |
| Amount due to non-controlling interests | 483 | 966 | – |
| Amount due to a related company | – | – | 1,509 |
| Tax payables | 631 | 313 | – |
| Obligation under finance lease | 83 | – | – |
| Bank loans, secured | 78,200 | – | – |
| | <u>149,369</u> | <u>25,881</u> | <u>12,305</u> |
| Liabilities associated with assets classified as held for sale | <u>–</u> | <u>19,185</u> | <u>–</u> |
| | <u>149,369</u> | <u>45,066</u> | <u>12,305</u> |
| NET CURRENT ASSETS/(LIABILITIES) | <u>235,849</u> | <u>(2,462)</u> | <u>51,620</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>245,587</u> | <u>3,277</u> | <u>89,345</u> |

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

| | As at 31 March | | |
|--------------------------------|----------------------|---------------------|----------------------|
| | 2010 HK\$'000 | 2009 HK\$'000 | 2008 HK\$'000 |
| NON-CURRENT LIABILITIES | | | |
| Obligation under finance lease | 111 | – | – |
| Bank loans, secured | 76,800 | – | – |
| Convertible bonds | 72,645 | – | 51,721 |
| Deferred tax liability | 9,061 | – | – |
| | <u>158,617</u> | <u>–</u> | <u>51,721</u> |
| NET ASSETS | <u>86,970</u> | <u>3,277</u> | <u>37,624</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 54,231 | 32,590 | 24,790 |
| Reserves | <u>32,981</u> | <u>(29,545)</u> | <u>12,955</u> |
| | 87,212 | 3,045 | 37,745 |
| Non-controlling interests | <u>(242)</u> | <u>232</u> | <u>(121)</u> |
| TOTAL EQUITY | <u>86,970</u> | <u>3,277</u> | <u>37,624</u> |

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internal resources and financial facilities of the Remaining Group and after due and careful enquiry, the Remaining Group will have sufficient working capital for its normal business for the next twelve months from the date of this circular.

INDEBTEDNESS

At the close of business on 31 May 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK\$233,632,000 comprising i) secured interest-bearing bank loans of approximately HK\$154,700,000; ii) the convertible bonds with outstanding principal amount of approximately HK\$78,000,000 issued by the Company on 7 October 2009 which is secured, interest-bearing at a rate of 5% per annum after the first anniversary of the date of issue and due on the 2nd anniversary of the date of issue of the bonds; iii) obligation under finance leases of HK\$188,000; iv) unsecured interest-free amount due to minority shareholders of approximately HK\$744,000.

The bank loans are secured by the Property with an aggregate net book value of approximately HK\$320,000,000 as of 31 May 2010, assignment of all income relating to the Property and corporate guarantee provided by the Company. The convertible bonds are secured by first charge over the entire issued share capital in Harvest Yield Investments Limited and Power Alliance Investment Limited and second charge over the Property.

Save as disclosed above or as otherwise mentioned herein and apart from intra-group liabilities and normal trade payables arising in the ordinary course of business, as at the close of business on 31 May 2010, the Group did not have any outstanding debt securities, bank loans and overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credit, hire purchase or finance lease commitments, mortgages, charges, guarantees or other material contingent liabilities.

The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since 31 May 2010 to the date of this circular.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE GROUP**Comparison of the year ended 31 March 2008 to the year ended 31 March 2007**

In 2008, the Group recorded an increase in turnover of approximately 56.61% to HK\$98,779,000 because the Group successfully expanded the business into mobile phones.

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 was extremely keen.

As such, the Group recorded a decrease in net loss of approximately 5.06% to HK\$27,067,000.

The following is the management discussion and analysis of the results of the Group for the year ended 31 March 2008 as extracted from its annual report

On behalf of the Board of Directors (the “Board”), I hereby present the annual report of Emcom International Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2008 to our shareholders.

General

The Group is principally engaged in, among other things, the manufacturing and selling of electronics consumer products including electronic telecommunication, office automation and network products and the provision of telecommunication services. One of the objectives of the Group is to become a leading and major developer, producer and distributor world-wide by development, production and distribution of all kinds of high quality electronic telecommunication, office automation and network products adapted to the needs of the market. On the other hand, the telecommunication business run under the brand name of EmCall spearheads the marketing of telecommunication services to various market segments covering South East Asia, Taiwan and Hong Kong.

Financial review

During the 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 and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$7,035,000 during 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 Enterprises 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.

Contingent liabilities

As at 31 March 2008, the Group had no significant contingent liabilities (31 March 2007: Nil).

Capital commitments

As at 31 March 2008, the Group had capital commitments of approximately HK\$286,000 (31 March 2007: approximately HK\$14,807,000).

Operating lease commitments

As at 31 March 2008, the commitments under noncancellable operating lease are represented as follows:

| | 31 March 2008 | | 31 March 2007 | |
|--|---------------|------------|---------------|-----------|
| | Properties | Others | Properties | Others |
| | (Audited) | (Audited) | (Audited) | (Audited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Not later than one year | 2,896 | 195 | 1,063 | – |
| Later than one year but not later than five years | 2,149 | 585 | 605 | – |
| Total operating lease commitments | <u>5,045</u> | <u>780</u> | <u>1,668</u> | <u>–</u> |

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 report, 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 February 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.

The 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.

Comparison of the year ended 31 March 2009 to the year ended 31 March 2008

In 2009, the Group recorded a total turnover of approximately HK\$214,935,000, representing increase of approximately 117% as compared with HK\$98,779,000 for 2008.

As reported in the previous financial statements and the financial results, competition encountered by the business segments including Telecommunication, DVD Players and Mobile Phones were extremely keen, coupled with the surge in labour related cost and appreciation of Renminbi. Therefore, the Group decided to organize those business segments as discontinuing operations and to reallocate and consolidate scarce financial resources and management time to other business segments or opportunities.

In this regard, the loss attributable to shareholders in 2009 was approximately HK\$95,531,000 compared with a loss of HK\$27,067,000 for 2008, representing an increase of approximately 252.94%.

The following is the management discussion and analysis of the results of the Group for the year ended 31 March 2009 as extracted from its annual report.

General

During the Year, the Group is principally organized into the business segments of continuing operations including sales and trading of telecommunication and electronic equipment, commodities, and computer hardware and relevant peripherals (“Trading”), and provision of property management services (“Property Management”); and the business segments of discontinuing operations comprising telecommunication services (“Telecommunication”), digital versatile disc players (“DVD Players”), and mobile phones (“Mobile Phones”).

Financial Review

During the Year, the Group recorded a total turnover of approximately HK\$214,935,000, representing increase of approximately 117% as compared with HK\$98,779,000 for 2008.

Loss attributable to shareholders for the Year was approximately HK\$95,531,000 compared with a loss of HK\$27,067,000 for 2008.

Liquidity, Financial Resources And Capital Structure

As at 31 March 2009, the Group had total assets of approximately HK\$48,343,000 (31 March 2008 (restated): HK\$101,650,000), including cash and cash equivalents of approximately HK\$15,403,000 (31 March 2008: HK\$39,612,000). There was pledged bank deposit of HK\$150,000 as at 31 March 2009 (31 March 2008: HK\$150,000).

During the Year, the Group financed its operations mainly with its own working capital, proceeds from convertible note converting in new shares of the Company at the conversion price of HK\$0.26 per share in April 2008 and proceeds from top-up placing existing shares and top-up subscription new shares of the Company completed on 7 January 2009. As at 31 March 2009, save as disclosed in note 30 to the financial statement there was no bank overdraft (31 March 2008: Nil) and there was no other charge on the Group’s assets (31 March 2008: Nil).

As at 31 March 2009, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.93 (31 March 2008 (restated): approximately 0.63).

On 24 December 2008, the Company, Emcom Limited (“Emcom”) and the placing agent entered into the top-up placing and subscription agreement, pursuant to which Emcom agreed to place 540 million existing shares at a price of HK\$0.02 per top-up placing share on a fully underwritten basis and agreed to subscribe for 540 million top-up subscription shares at a price of HK\$0.02 per top-up subscription share (the “Top-up Placing and Top-up Subscription”). The Top-up Placing and the Top-up Subscription was completed on 5 January 2009 and 7 January 2009 respectively, of which the gross proceeds from the Top-up Subscription would be approximately HK\$10,800,000 and the maximum net proceeds of approximately HK\$10,440,000 from the Top-up Subscription would increase the working capital of the Company and also to finance its further funding requirements pursuant to the agreement entered into between the Easybuild Assets Management Limited, a wholly-owned subsidiary of the Company, and ISF Asset Manager Limited on 2 December 2008, details of which were disclosed in the announcement of the Company dated 3 December 2008. The details of the Top-up Placing and Top-up Subscription were set out in an announcement dated 24 December 2008 and 7 January 2009 respectively.

Litigation

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, the former Chairman and chief Executive Officer of the Company, 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 will 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 were 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 (“Legal Adviser”) for the litigation (“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.

Following the legal opinion received on 30 July 2008 from the Legal Adviser, the Company and the Directors received the Amended Writ of Summons served by the solicitors of the Vendors on 4 September 2008, the Legal Adviser filed the Acknowledgment of Service of the Amended Writ of Summons on behalf of the Company on 5 September 2008; on 18 September 2008, by a Notice of Discontinuance the Vendor had wholly discontinued their action against Mr. Lam Kwok Ho, Ms. Tsang Fung Chu and Mr. Wong Chi Keung Patrick, from the Litigation, subsequently on 29 October 2008, the Vendor by another Notice of Discontinuance had further wholly discontinued their action against Mr. Lee Pin Yeow and Jolly King Limited from the Litigation; on 30 October 2008 the Statement of Claim was served on the Company and the Directors. The Legal Adviser representing both the Company and Emcom Limited would obtain an extension of time from the court for the filing and service of the Company’s defence (the “Defence”) to 12 January 2009. According to the Legal Adviser, the Company’s Defense would be filed and served on or before 12 January 2009.

According to the Legal Adviser there was nothing critical that will cause them to amend their previous opinion as at 30 July 2008, the Company and the Directors are of the view that the Company has a very good defence to the Litigation and is seriously evaluating the potential counterclaim against the Vendor either in the Litigation or in a separate action and reserves the right to claim against the Vendor for any damages incurred. Details of the latest progress of the Litigation would be contained in the Company’s announcement dated 17 January 2009.

Acquisitions

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 RMB2,450,000. The details of the transaction were set out in an announcement dated 5 November 2008.

On 2 December 2008, Easybuild Assets Management Limited (“Easybuild”), a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party pursuant to which Easybuild agreed to acquire 100% shareholdings of Gi Space Limited (“Gi”) and Ty Space Limited (“Ty”) at HK\$6.8 million to be settled by way of issuing a promissory note. The details of the transaction were set out in an announcement dated 2 December 2008 and 19 December 2008 and the circular dated 22 December 2008 respectively.

Subsequent Event

On 27 May 2009, the Company as purchaser entered into an agreement with Beglobal Investments Limited, a company incorporated in the British Virgin Islands and an independent third party of the Company, and Ryoden Property Development Company Limited, a company incorporated in Hong Kong and an independent third party of the Company (the “Vendors”) (the “Agreement”), pursuant to which the Company has agreed to acquire and the Vendors have agreed to sell of the (i) 2 shares of US\$1.00 each in the share capital of the Harvest Yield Investments Limited, a company incorporated in the British Virgin Islands with limited liability (“Harvest”), representing the entire issued share capital in Harvest, which is beneficially owned by the Vendors in equal portion and (ii) the amounts equal to the entirety of the face value of the loans outstanding as at completion of the Acquisition pursuant to the terms and conditions of the Agreement made by the Vendors to Harvest for a total consideration of HK\$300 million less the Outstanding Bank Loan. As at the date of the Agreement, the consideration amounts to HK\$153 million.

Foreign Exchange Exposure

The Group’s transactions during the Year were mainly denominated in Renminbi, HK Dollars, US Dollars and Singapore Dollars. Risk on exposure to fluctuation in exchange rates was insignificant to the Group.

Employees

As at 31 March 2009, the Group had 45 (31 March 2008: 32) staff in the PRC and Hong Kong. Total staff costs including directors’ remuneration were approximately HK\$14,881,000 during the Year (31 March 2008: HK\$7,035,000).

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 234,140,000 share options have been granted to certain directors, employees and advisors.

Contingent Liabilities

As at 31 March 2009, the Group had no significant contingent liabilities (31 March 2008: Nil).

Capital Commitments

As at 31 March 2009, the Group had capital commitments of approximately HK\$5,255,000 (31 March 2008: approximately HK\$286,000).

Operating Lease Commitments

As at 31 March 2009, the commitments under non-cancellable operating lease are represented as follows:

| | 31 March 2009 | | 31 March 2008 | |
|--|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|
| | Properties (Audited) HK\$'000 | Others (Audited) HK\$'000 | Properties (Audited) HK\$'000 | Others (Audited) HK\$'000 |
| Not later than one year | 1,708 | – | 2,896 | 195 |
| Later than one year but not later than five years | 703 | – | 2,149 | 585 |
| Total operating lease commitments | <u>2,411</u> | <u>–</u> | <u>5,045</u> | <u>780</u> |

Operation Review

The Year had turned out to be a rather unusual year. The financial tsunami triggered by the US sub-prime crisis had driven the world economy into one of the worst recessions in modern history, impacting on every corner of the globe and every type of business activities. As a result, our Group's operating result for the Year was also inevitably affected, though the Group has taken every precautionary measure not only to ride out this unprecedented economic down-turn, but also to capture any opportunities arising therefrom.

For the Year, the Group recorded a total turnover of approximately HK\$214,935,000, representing increase of approximately 117% as compared with HK\$98,779,000 for 2008.

Loss attributable to shareholders for the Year was approximately HK\$95,531,000 compared with a loss of HK\$27,067,000 for 2008.

As reported in the previous financial statements and the financial results, competition encountered by the business segments including Telecommunication, DVD Players and Mobile Phones were extremely keen, coupled with the surge in labour related cost and appreciation of Renminbi. Therefore, the Group decided to organize those business segments as discontinuing operations and to reallocate and consolidate scarce financial resources and management time to other business segments or opportunities.

For the Year the Trading business segment had been successfully launched and exceedingly expanded, and Property Management business segment could contribute steady income to the Group.

Comparison of the year ended 31 March 2010 to the year ended 31 March 2009

In 2010, the Group recorded a total turnover of approximately HK\$687,987,000, representing an increase of approximately 220% as compared with HK\$214,935,000 for 2009.

The Group had discontinued the business segment of manufacturing and telecommunication in the current year. The disposal is consistent with the Group's long term policy to reallocate and consolidate scarce financial resources and management time to other business segments including Trading business segment and Property related business segment. These business segments had contributed steady income to the Group in 2010.

In this regard, the loss attributable to shareholders in 2010 was approximately HK\$32,916,000 compared with a loss of HK\$95,531,000 for 2009, representing an decrease of approximately 66%.

The following is the management discussion and analysis of the results of the Group for the year ended 31 March 2010 as extracted from its annual report.

GENERAL

During the Year, the Group is principally engaged in sales and trading of telecommunication and electronic equipment, commodities and computer hardware and relevant peripherals ("Trading"), property holding and provision of property management services ("Property Holding and Management").

FINANCIAL REVIEW

During the Year, the Group recorded a total turnover of approximately HK\$687,987,000, representing increase of approximately 220% as compared with HK\$214,935,000 for 2009.

Loss attributable to shareholders for the Year was approximately HK\$32,916,000 compared with a loss of HK\$95,531,000 for 2009.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2010, the Group had total assets of approximately HK\$394,956,000 (31 March 2009: HK\$48,343,000), including cash and cash equivalents of approximately HK\$9,796,000 (31 March 2009: HK\$15,403,000). There was no pledged bank deposit as at 31 March 2010 (31 March 2009: HK\$150,000).

During the Year, the Group financed its operations mainly with its own working capital and proceeds from top-up placing and subscription of shares of the Company. On 2 October 2009, the Company entered into a top-up placing and subscription agreement with its placing agent, pursuant to which the Company agreed to place 150 million existing shares at a price of HK\$0.1 per top-up placing share and to subscribe for 150 million top-up subscription shares at a price of HK\$0.1 per top-up subscription share (the “Top-up Placing and Top-up Subscription”). The Top-up Placing and Top-up Subscription was completed on 14 October 2009, of which the gross proceeds from the Top-up Subscription were approximately HK\$15,000,000 and the net proceeds from the Top-up Subscription were approximately HK\$14,700,000. Such amount of proceeds increases the working capital of the Company and enhances the liquidity strength of the Group.

As at 31 March 2010, the Group had total outstanding borrowings of approximately HK\$227.8 million, comprising secured interest-bearing bank loans of approximately HK\$155 million; the convertible bonds with carrying amount of approximately HK\$72.6 million which is secured, interest-bearing at a rate of 5% per annum after the first anniversary of the date of issue and due on the 2nd anniversary of the date of issue of the bonds; and obligation under finance leases of HK\$194,000. The property acquired in October 2009 with carrying amount of HK\$320,000,000 as at 31 March 2010 is pledged to a bank for banking facilities and holders of convertible bonds (31 March 2009: Nil).

As at 31 March 2010, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.78 (31 March 2009: approximately 0.93).

MAJOR EVENTS

- (1) On 27 May 2009, the Company as purchaser entered into an agreement with Beglobal Investments Limited, a company incorporated in the British Virgin Islands and an independent third party of the Company, and Ryoden Property Development Company Limited, a company incorporated in Hong Kong and an independent third party of the Company (the “Vendors”) (the “Agreement”), pursuant to which the Company has agreed to acquire and the Vendors have agreed to sell of the (i) 2 shares of US\$1.00 each in the share capital of the Harvest Yield Investments Limited, a company incorporated in the British Virgin Islands with limited liability (“Harvest”), representing the entire issued share capital in Harvest, which is beneficially owned by the Vendors in equal portion and (ii) the amounts equal to the entirety of the face value of the loans outstanding as at completion of the Acquisition pursuant to the terms and conditions of the Agreement made by the Vendors to Harvest for a total consideration of HK\$300 million less the Outstanding Bank Loan. As at the date of the Agreement, the consideration amounts to HK\$153 million. The details of the transaction were set out in an announcement dated 4 June 2009 and the

circular dated 20 July 2009. The Acquisition was completed on 7 October 2009. Following the completion, the Group beneficially owns the entire interest of the shopping mall named “Granville Identity” or “gi”, located at No.34 and 36, Granville Road, Tsimshatsui, Kowloon, Hong Kong with a gross floor area of 1,526.20 square meters (the “Property”).

The Group considers that it is in the benefits of the Company to seek for suitable investment opportunities and broaden its sources of income. The Group believes that the rental income from the Property will generate stable income for the Group and will also broaden its sources of income. In addition, the Property represents an excellent investment opportunity as the Company can benefit from the gain in value of the Property as the Hong Kong property market grows.

- (2) On 22 February 2010, the following disclosable and connected transactions and continuing connected transactions took place:
- (a) The Company entered into a service agreement (the “Service Agreement”) with Mr. Chiau Sing Chi (“Mr. Chiau”) whereby the Company shall appoint Mr. Chiau as an Executive Director of the Company and Mr. Chiau shall accept the appointment with prescribed duties for an initial term of five years effective from the commencement date. Pursuant to the Service Agreement in consideration for the services to be provided by Mr. Chiau, subject to the satisfaction of certain conditions, the Company should issue to Mr. Chiau (i) the Convertible Bonds with a principal amount of HK\$45 million at the Conversion Price of HK\$0.10 and (ii) the Options with the rights to subscribe for 250 million new Shares at a price of HK\$0.10 each. As Mr. Chiau is a discretionary object of a discretionary trust which is a substantial shareholder of the Company, Mr. Chiau is a connected person to the Company. Therefore, the Service Agreement constitutes a discloseable and connected transaction of the Company under the GEM Listing Rules.
 - (b) High Amuse Limited (the “Licensee”), a wholly owned subsidiary of the Company, entered into a licence agreement (the “License Agreement”) with Entrance Gate Limited (the “Licensor”) pursuant to which, subject to the satisfaction of certain conditions, the Licensor shall grant to the Licensee an exclusive licence to use, apply or exploit the relevant intellectual property rights including but not limited to the intellectual property rights to design, manufacture, produce, distribute, process, supply, rent, broadcast, transmit, show, sale and/or advertise of the products (the “Peripheral Products”) derived from the use, application or exploitation of the intellectual property rights relating to the movie entitled “長江七號” (the “Movie”) globally for the licence period. The Licence Agreement has a term for 3 years subject to renewal up to 10 years with effect from the commencement date, the Licensee shall pay the Licensor a royalty based on 10% of the sales revenues to be received by the Licensee in cash on the use application or exploitation of the intellectual property rights licensed to the Licensee under the Licence Agreement. The intellectual property rights stipulated in the Licence Agreement included but not limited to the intellectual property rights and the goodwill in respect of all the animated characters and personalities, designs, figures and the names thereof, portrayals of various characters, persons or fictional subjects, together with such names and symbols as may have been used to identify any of them which have appeared and/or have been

used in the Movie (but excluding all contents distributed via mobile platform). Given that the Licence Agreement is made inter-conditional on other connected transactions as described in the announcement dated 22 February 2010 and Mr. Chiau is a connected person of the Company pursuant to the GEM Listing Rules, hence the Company considers that the transactions contemplated under the Licence Agreement constitute a continuing connected transaction under the GEM Listing Rules.

- (c) High Amuse Limited entered into an acquisition agreement with some vendors pursuant to which, subject to satisfaction of the conditions precedent under the acquisition agreement, High Amuse Limited has agreed to acquire the entire share capital of Raxco Assets Corp. (“Raxco”) and the shareholders’ loan for a cash consideration of HK\$10 from the vendors. Raxco is a company incorporated in the British Virgin Islands in 2004 and started its operation since January 2005 and the company is in the establishment stage of operating its online software and game development business through its wholly-owned subsidiary in the PRC, Shanghai NorthStar Software Co., Ltd.(上海北之辰軟件技術有限公司) (“Northstar”), a wholly owned foreign enterprise of Raxco established in the PRC for the purpose of online software development, online game development, technical consultancy services and information technology support for online software and online game. Given that one of the vendors, Teamgreat Investments Limited, is ultimately owned by a discretionary trust of which Mr. Chiau is a discretionary object and Mr. Chiau is a connected person of the Company pursuant to the GEM Listing Rules, the transactions contemplated under the acquisition agreement constitute a connected transaction of the Company under the GEM Listing Rules.
- (d) Ngai Wah Associates Limited (the “Transferor”) and High Amuse Limited entered into a profit transfer deed (the “Profit Transfer Deed”), pursuant to which, subject to the satisfaction of certain conditions, the Transferor shall transfer all the profits (“Profits”) attributable to the animation film production agreement (the “Film Production Agreement”) dated 22 April 2009 with 中國電影集團公司製片分公司 (“China Film Group”) in relation to the production of the animation film of the Movie (the “Animation Film”) to High Amuse Limited with effect from the completion date. The term of the Profit Transfer Deed shall be of three years and will be automatically renewed thereafter as long as the Film Production Agreement remains valid and effective. The Transferor has the right to engage in the exploitation of the intellectual property rights as are subsisting in the movie entitled “長江七號” and has entered into the Film Production Agreement with China Film Group in relation to the production of the animation film of the Movie. The Transferor is entitled to the Profits as contemplated under the Film Production Agreement and pursuant to the Profit Transfer Deed, High Amuse Limited will be entitled to all the Profits generated from the Film Production Agreement. Given that the Transferor beneficially owned by an associate of Mr. Chiau who is a connected person of the Company pursuant to the GEM Listing Rules, the transactions contemplated under Profit Transfer Deed constitute a continuing connected transaction of the Company under the GEM Listing Rules.

The details of the transactions were set out in an announcement dated 23 February 2010 and the circular dated 3 May 2010. The above transactions were duly completed in June 2010.

- (3) On 9 March 2010, Power Alliance Investment Limited, a wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement with the purchaser, pursuant to which the Power Alliance Investment Limited has agreed to sell and the purchaser has agreed to acquire the Property at a consideration of HK\$320,000,000. The details of the transaction were contained in the Company's announcement dated 19 March 2010. This transaction constitutes a very substantial disposal and is subject to approval by the Shareholders pursuant to Rules 19.06 of the GEM Listing Rules. A circular containing further details of the disposal and further information of the Group, together with the notice of the EGM will be dispatched to the Shareholders as soon as practicable and in compliance with the GEM Listing Rules.

CHANGE OF COMPANY NAME

On 22 February 2010, the Board proposes to change the English name of the Company from "Emcom International Limited" to "Bingo Group Limited" and to adopt a new Chinese name "比高集團有限公司" as the Chinese secondary name of the Company to replace the Chinese name "帝通國際有限公司" (which was adopted for identification purposes only). The proposed change of name will be subject to, among others, the passing of a special resolution by the shareholders at the Extraordinary General Meeting approving the change of name and approval of the proposed change of name by the Registrar of Companies in Cayman Islands. The special resolution was passed on 27 May 2010. On 7 June 2010, the Company was informed that due to human error at the Registrar of Companies in Cayman Islands, there is another company with the exact name "Bingo Group Limited" already existed in the Cayman Islands despite the previous name check and reservation approved by the Registrar of Companies in Cayman Islands. As such, the name "Bingo Group Limited" cannot be approved of by the Registrar of Companies in Cayman Islands. The Board of the Company, therefore, proposes to apply for the name "Bingo Group Holdings Limited" as its new name and to adopt a new Chinese name "比高集團控股有限公司" as the Chinese name of the Company. As at the date of this report, the proposed change in company name is still pending the passing of special resolution by the shareholders of the Company and approval by the Registrar of Companies in Cayman Islands.

EVENTS AFTER REPORTING PERIOD

Saved as disclosed in this annual report, the Company had the following significant events subsequent to the reporting period:

- (a) On 27 May 2010, the Company entered into the Strategic Cooperation Memorandum with China Film Group Film Production Corporation, a wholly owned subsidiary of China Film Group Corporation pursuant to which the Company and China Film Group Film Production Corporation agreed to co-invest, produce and distribute a series of market-oriented film productions that are mainly catered for the film entertainment market in mainland China.
- (b) Mrs. Chin Chow Chung Hang, Roberta has been appointed as a Non-executive Director with effect from 27 May 2010.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions during the Year were mainly denominated in Renminbi, HK Dollars and US Dollars. Risk on exposure to fluctuation in exchange rates was insignificant to the Group.

EMPLOYEES

As at 31 March 2010, the Group had 48 (31 March 2009: 45) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$19,943,000 during the Year (31 March 2009: HK\$14,881,000).

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. During the Year, total 164,500,000 share options have been granted to certain directors, employees and advisors.

LITIGATION

As disclosed in the third quarterly report of the Company for the period ended 31 December 2009, the Company had settled the claim from Mr. Lee Kwok Ning Lobo and Ms. Lin Wai Yan. Other than as disclosed above and in the third quarterly report, the Company did not have other pending litigations.

CONTINGENT LIABILITIES

At 31 March 2010, the Company has issued a corporate guarantee for an amount of not less than HK\$155,000,000 to a bank in respect of banking facilities granted to a wholly owned subsidiary. The directors of the Company do not consider it probable that a claim will be made against the Company under the corporate guarantee. The maximum liability of the Company at the end of the reporting period under the corporate guarantee issued is the outstanding amount of the bank loans of HK\$155,000,000. The Company has not recognised any deferred income in respect of the corporate guarantee as its fair value is nominal.

Saved as disclosed above, the Group and the Company did not have any significant contingent liabilities as at 31 March 2010 (31 March 2009: Nil).

CAPITAL COMMITMENTS

As at 31 March 2010, the Group had capital commitments of approximately HK\$3,656,000 (31 March 2009: approximately HK\$5,255,000).

OPERATING LEASE COMMITMENTS

As at 31 March 2010, the commitments under non-cancellable operating lease are represented as follows:

| | 31 March 2010 | | 31 March 2009 | |
|--|--|--|--|--|
| | Properties (Audited) <i>HK\$'000</i> | Others (Audited) <i>HK\$'000</i> | Properties (Audited) <i>HK\$'000</i> | Others (Audited) <i>HK\$'000</i> |
| Not later than one year | 445 | – | 1,708 | – |
| Later than one year but not later than five years | 195 | – | 703 | – |
| Total operating lease commitments | <u>640</u> | <u>–</u> | <u>2,411</u> | <u>–</u> |

OPERATION REVIEW

During the Year under review, the Group had continued its business of Trading and Property Holding and Management. The Group had recorded a total turnover of approximately HK\$687,987,000 for the Year (31 March 2009: HK\$214,935,000). Loss attributable to shareholders for the Year was approximately HK\$32,916,000 (31 March 2009: HK\$95,531,000).

The Trading business segment and Property related business segment had both contributed steady income to the Group. Segment information is set out in note 5 to the financial statements.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the unaudited pro forma consolidated net assets statement and the unaudited pro forma consolidated income statement of the Group (collectively known as the “Unaudited Pro Forma Financial Information”) which have been prepared in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules for the purpose of illustrating the effect of the Disposal on the financial position of the Remaining Group as if the Disposal had been completed on 31 March 2010 and the results of the Remaining Group as if the Disposal had been completed on 1 April 2009.

As the Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Remaining Group following the completion of the Disposal.

The Unaudited Pro Forma Financial Information is based on the audited consolidated statement of financial position of the Group as at 31 March 2010 and the audited consolidated income statement of the Group for the year ended 31 March 2010 extracted from the published audited financial report of the Group for the year ended 31 March 2010, after giving effect to the pro forma adjustments relating to the Disposal that are (i) clearly shown and explained; (ii) directly attributable to the Disposal and not relating to future events or decision; and (iii) factually supportable.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position and results of the Remaining Group that would have been attained had the Disposal been completed on 31 March 2010 and on 1 April 2009 respectively. The Unaudited Pro Forma Financial Information does not purport to predict the future financial positions or results of the Remaining Group.

UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT

| | The Group as at 31 March 2010 HK\$'000 | Pro forma adjustments | | | | Pro forma Remaining Group as at 31 March 2010 HK\$'000 |
|--|--|-----------------------|--------------------|--------------------|--------------------|--|
| | | HK\$'000 Note 1 | HK\$'000 Note 2 | HK\$'000 Note 3 | HK\$'000 Note 4 | |
| Non-current assets | | | | | | |
| Property, plant and equipments | 2,182 | | | | | 2,182 |
| Goodwill | 7,556 | | | | | 7,556 |
| | <u>9,738</u> | | | | | <u>9,738</u> |
| Current assets | | | | | | |
| Trade receivables | 1,177 | | | | | 1,177 |
| Other receivables, deposits and prepayment | 54,245 | (48,000) | | | (155) | 6,090 |
| Bank balances and cash | 9,796 | 316,600 | (155,000) | (573) | 155 | 170,978 |
| | <u>65,218</u> | | | | | <u>178,245</u> |
| Assets classified as held for sale | 320,000 | (320,000) | | | | - |
| | <u>385,218</u> | | | | | <u>178,245</u> |
| Current liabilities | | | | | | |
| Trade payables | (8,236) | | | | | (8,236) |
| Other payables and accruals | (61,589) | 48,075 | | 573 | | (12,941) |
| Amount due to an associate | (147) | | | | | (147) |
| Amount due to non-controlling interests | (483) | | | | | (483) |
| Tax payables | (631) | | | | | (631) |
| Obligation under finance lease | (83) | | | | | (83) |
| Bank loans – secured | (78,200) | | 78,200 | | | - |
| | <u>(149,369)</u> | | | | | <u>(22,521)</u> |
| Liabilities associated with assets classified as held for sale | - | | | | | - |
| | <u>(149,369)</u> | | | | | <u>(22,521)</u> |
| Net current assets | <u>235,849</u> | | | | | <u>155,724</u> |
| Total assets less current liabilities | 245,587 | | | | | 165,462 |
| Non current liabilities | | | | | | |
| Obligation under finance lease | (111) | | | | | (111) |
| Bank loans – secured | (76,800) | | 76,800 | | | - |
| Deferred tax liabilities | (9,061) | 9,061 | | | | - |
| Convertible bonds | (72,645) | | | | | (72,645) |
| | <u>(158,617)</u> | | | | | <u>(72,756)</u> |
| Net assets | <u>86,970</u> | | | | | <u>92,706</u> |

Notes:

1. The adjustment reflects (i) the elimination of the carrying value of HK\$320,000,000 of the Property upon Disposal, (ii) the net cash of HK\$316,600,000 received from the Disposal, (iii) settlement of direct transaction cost of HK\$75,000 in respect of the Disposal recognised during the year ended 31 March 2010 and (iv) the release of the deposit of HK\$48,000,000 received by legal advisor on behalf of the Company on or before 31 March 2010. The net cash received is the difference of sale proceeds of HK\$320,000,000 and the estimated direct transaction costs of HK\$3,400,000 incurred upon completion of the Disposal. The adjustment also reflects the reversal of the deferred tax liability of HK\$9,061,000 in relation to the accelerated depreciation and revaluation of the Property.
2. The adjustment reflects the repayment of the bank borrowings of HK\$155,000,000 in full in respect of the release of the pledge for the Property out of the proceeds received from the Disposal.
3. The adjustment reflects the transfer of the deposits in respect of the licences of the Property to the Purchaser of HK\$573,000. In accordance with the Agreement for sale and purchase, subject to the Purchasers' execution and delivery of a deed of indemnity to the Vendor and each of the sub-licencees of the Property, the Vendor shall transfer the deposits in full without any deduction or set off, paid by the sub-licencees under the sub-licences of the Property, to the Purchaser upon completion of the Disposal.
4. The adjustment reflects the transfer of the utility deposits in respect of the Property to the Purchaser of HK\$155,000. In accordance with the Agreement for sale and purchase, subject to the production of the relevant receipts or any other document of the same acceptable by the relevant authority or the manager of the building to effect the transfer, the Vendor shall be entitled to transfer and the Purchaser shall accept from the Vendor a transfer of any management fee deposit, public improvement (or enhancement) fund and any other deposits/funds which is subsisting and still held by the Manager or Owners' Corporation of the building (if any) in respect of the Property so far as the same are non-refundable but transferable and subsisting and the Purchaser shall pay to the Vendor the amount of deposit or fund so transferred thereon.
5. For the purpose of preparing the pro forma consolidated net assets statement, upon completion of the Disposal, it is assumed that the gain from the Disposal is of a capital nature and not subjected to Hong Kong profits tax.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE REMAINING GROUP

| | The Group for the year ended 31 March 2010 HK\$'000 | Pro forma adjustments | | Pro forma Remaining Group HK\$'000 |
|---|--|-----------------------|--------------------|---|
| | | HK\$'000 Note 1 | HK\$'000 Note 2 | |
| <i>Continuing operations</i> | | | | |
| Turnover | 687,987 | (7,001) | | 680,986 |
| Cost of sales | (676,631) | | | (676,631) |
| Operating cost | <u>(7,391)</u> | 7,391 | | <u>-</u> |
| Gross profit | 3,965 | | | 4,355 |
| Other revenue and other net income | 48 | | | 48 |
| Reimbursement from licensor | 3,347 | (3,347) | | - |
| Fair value change in investment properties | 20,000 | (20,000) | | - |
| Gain on disposal of investment properties | - | | 16,600 | 16,600 |
| Selling expenses | (33) | | | (33) |
| Administrative expenses | (50,936) | 7,992 | 75 | (42,869) |
| Other losses | (24,322) | | | (24,322) |
| Share of loss of associates | (84) | | | (84) |
| Finance costs | <u>(4,820)</u> | 1,780 | | <u>(3,040)</u> |
| Loss before taxation | (52,835) | | | (49,345) |
| Taxation | <u>(2,719)</u> | 2,179 | 6,882 | <u>6,342</u> |
| Loss for the year from continuing operations | (55,554) | | | (43,003) |
| <i>Discontinued operations</i> | | | | |
| Loss for the year from discontinued operations | <u>22,042</u> | | | <u>22,042</u> |
| Loss for the year | <u>(33,512)</u> | | | <u>(20,961)</u> |
| Attributable to: | | | | |
| Equity holders of the Company | (32,916) | (11,006) | 23,557 | (20,365) |
| Minority interests | <u>(596)</u> | | | <u>(596)</u> |
| | <u>(33,512)</u> | | | <u>(20,961)</u> |

Notes:

1. The adjustment reflects the exclusion of the income and expenses attributable to the Property for the year ended 31 March 2010 as if the Disposal had been completed on 1 April 2009. It will not have continuing effect on the Group.
2. The adjustment reflects the gain on disposal of the Property of HK\$16,600,000 after taking account of the gross sale proceeds of HK\$320,000,000 less the carrying amount of the Property at the date of acquisition of the Property of HK\$300,000,000, the estimated direct transaction costs of HK\$3,400,000 in relation to the Disposal as if the Disposal had been completed on 1 April 2009. The adjustment also reflects the reversal of deferred tax liabilities of HK\$6,882,000 in relation to the accelerated tax depreciation and revaluation of the Property acquired on the acquisition of the Property. It will not have continuing effect on the Group.
3. For the purpose of preparing the pro forma consolidated income statement, upon completion of the Disposal, it is assumed that the gain from the Disposal is of a capital nature and not subject to Hong Kong profits tax.

The following is a text of the report received from the reporting accountants of the Group, Graham H.Y. Chan & Co., in respect of the Unaudited Pro Forma Financial Information, which has been prepared for the purpose of incorporation in the Circular.



GRAHAM H.Y. CHAN & CO.

CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

Unit 1, 15/F., The Center,
99 Queen's Road central
Hong Kong

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF EMCOM INTERNATIONAL LIMITED

We report on the unaudited pro forma financial information of Emcom International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the very substantial disposal in relation to the disposal of property might have affected the financial information presented, for inclusion in Appendix II to the circular dated 29 July 2010 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in Appendix II to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 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 with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2010 or any future date; or
- the result of the Group for the year ended 31 March 2010 or any future period.

Opinion

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Graham H.Y. Chan & Co.

Certified Public Accountants (Practising)

Hong Kong

29 July 2010

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Greater China Appraisal Limited, an independent valuer, in connection with its valuation as at 31 May 2010 of the Property.

**GREATER CHINA APPRAISAL LIMITED**漢華評值有限公司

Room 2703
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

29 July 2010

The Directors
Emcom International Limited
Room 1201-1204, 12th Floor
Sea Bird House
22-28 Wyndham Street
Central, Hong Kong

Dear Sirs,

In accordance with the instructions from Emcom International Limited (“the Company”) for us to value the property interests at Shops on the whole of Ground Floor, Upper Ground Floor, 1st Floor and 2nd Floor, Lising Court, No. 34 & 36 Granville Road, Kowloon, Hong Kong (referred to as the “Property”), we confirm that we have carried out inspections, made relevant enquires and obtained such further information as we consider necessary for the purpose of providing the market value of the Property as at 31 May 2010 (referred to as the “valuation date”).

It is our understanding that this valuation is for disposal purpose.

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of properties and the limiting conditions.

BASIS OF VALUATION

The valuation of the subject property is our opinion of the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

VALUATION METHODOLOGY

We have valued the property by comparison method where comparison based on prices realized or market prices of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

As the property is held for investment, we have also valued the property by investment method where the expected periodic future benefits of ownership were converted into an indication of capital value.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of any deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to increase the value of the property.

In respect of the property which is held under long term Government Leases, we have assumed that the owner of the property has free and uninterrupted rights to use or transfer the property for the whole of the unexpired term of the respective Government Leases. In our valuation, we have assumed that the property can be freely disposed of and transferred to third parties on the open market without any additional payment to the relevant government authorities. Unless stated as otherwise, vacant possession is assumed for the property concerned.

Other special assumptions of the property, if any, have been stated out in the footnotes of the valuation certificate.

TITLESHP INVESTIGATION

We have caused searches made at the Land Registry for the property interests under valuation. However, we have not verified ownership nor to verify the existence of any amendments which do not appear on the copies received by us.

All legal documents disclosed in this report, if any, are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property set out in this report.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the property. However, no structural survey has been made and we are therefore unable to report as to whether the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the land or building areas in respect of the relevant properties but have assumed that the areas shown on the legal documents provided to us are correct. Based on our experience of valuation of similar properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided and have accepted advice given to us by the Company on such matters as planning approvals, statutory notices, easements, tenure, occupation, lettings, rentals, site and floor areas and in the identification of the property in which the Company has valid interests. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property valued nor for any expenses or taxation which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the property is free of encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

OPINION OF VALUE

Valuation figure of the property interests is shown in the attached valuation certificate.

REMARKS

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements contained in the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors and effective from 1 January 2005.

We enclose herewith the valuation certificate.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED

K. K. Ip *BLE LLD*
Chartered Valuation Surveyor
Registered Professional Surveyor
Managing Director

Note: Mr. K. K. Ip, a Chartered Valuation Surveyor and a Registered Professional Surveyor, has substantial experience in valuation of properties in Hong Kong and the PRC since 1992.

VALUATION CERTIFICATE

PROPERTY HELD FOR SALE

| Property | Description and Tenure | Particulars of Occupancy | Market Value as | | | | | | | | | | | | | | |
|--|---|--|------------------------|-------------|--------|---------|--------|---------|--------|-----------|--------|-----------|--------|---------|--------|-----------|--|
| | | | at 31 May 2010 HK\$ | | | | | | | | | | | | | | |
| Shops on the whole of Ground Floor, Upper Ground Floor, 1st Floor and 2nd Floor Lising Court Nos. 34 and 36 Granville Road Kowloon Hong Kong | The property comprises a 4-level shopping arcade within a 18-storey commercial/residential building completed in 1979. | As at the valuation date, the property was occupied as a shopping arcade. | 320,000,000 | | | | | | | | | | | | | | |
| 60/120th shares of the Remaining Portion of Kowloon Inland Lot No. 9475 and 9529 | <p>The subject shopping arcade, named "Granville Identity" has a total gross floor area of approximately 1,515.61 square metres (or 16,314 square feet).</p> <p>The property is held under two Government Leases for a term of 75 years commencing from 24 June 1963.</p> <p>The Ground Rent for the Remaining Portion of Kowloon Inland Lot No.9475 is HK\$18,634 and for the Remaining Portion of Kowloon Inland Lot No.9529 is HK\$19,862.</p> | <p>As advised, all shops of the property are operated under license agreements with individual licensees. There were about 130 licensees as at the valuation date. The license periods vary from 2 weeks to 24 months.</p> <p>The license fees payable by each licensee is either a fixed fee or a variable fee based on 1% to 50% of the sales of the licensee, whichever is the higher, on a monthly basis. The license fee is exclusive of management fee, promotion fee and sale support charge but is inclusive of Government rent and rates.</p> <p>Total income (excluding management fee) received for the period from October 2009 to February 2010 was about HK\$5,362,000 with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Rent (HK\$)</th> </tr> </thead> <tbody> <tr> <td>Oct 09</td> <td>692,739</td> </tr> <tr> <td>Nov 09</td> <td>677,151</td> </tr> <tr> <td>Dec 09</td> <td>1,900,753</td> </tr> <tr> <td>Jan 10</td> <td>1,094,355</td> </tr> <tr> <td>Feb 10</td> <td>996,541</td> </tr> <tr> <td>Total:</td> <td>5,361,539</td> </tr> </tbody> </table> | Month | Rent (HK\$) | Oct 09 | 692,739 | Nov 09 | 677,151 | Dec 09 | 1,900,753 | Jan 10 | 1,094,355 | Feb 10 | 996,541 | Total: | 5,361,539 | |
| Month | Rent (HK\$) | | | | | | | | | | | | | | | | |
| Oct 09 | 692,739 | | | | | | | | | | | | | | | | |
| Nov 09 | 677,151 | | | | | | | | | | | | | | | | |
| Dec 09 | 1,900,753 | | | | | | | | | | | | | | | | |
| Jan 10 | 1,094,355 | | | | | | | | | | | | | | | | |
| Feb 10 | 996,541 | | | | | | | | | | | | | | | | |
| Total: | 5,361,539 | | | | | | | | | | | | | | | | |

Notes:

- (i) The registered owner of the property is Power Alliance Investment Limited (an indirect wholly owned subsidiary of the Company) via memorial no. 05050700290260 dated 7 May 2005.
- (ii) The property is within a "Commercial" zone in Tsim Sha Tsui Outline Zoning Plan No. S/K1/25 date 12 February 2010.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Applicable Date, the authorized and issued share capitals of the Company were as follows:

| | | |
|--|------------------------------------|-------------|
| Authorised: | | <i>HK\$</i> |
| 5,000,000,000 | ordinary share(s) of HK\$0.02 each | 100,000,000 |
| Issued and fully paid or credited as fully paid: | | <i>HK\$</i> |
| 2,744,559,126 | ordinary share(s) of HK\$0.02 each | 54,891,182 |

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Director 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 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:

(i) *Long positions in the Shares*

| Name of Director | Nature of interest | Number of Shares held | Approximate percentage of issued share capital of the Company |
|---------------------------------|---------------------------|------------------------------|--|
| Mr. Chan Cheong Yee | Beneficial owner | 10,000(L) | 0.00% |
| Mr. Yik Chok Man | Beneficial owner | 64,000(L) | 0.00% |
| Mr. Chong Lee Chang | Beneficial owner | 90,631,999(L) | 3.30% |
| Mr. Wong Chi Keung Patrick | Beneficial owner | 1,350,000(L) | 0.05% |
| Ms. Chen Chou Mei Mei Vivien | Beneficial owner | 5,500,000(L) | 0.20% |

L: Long Position(ii) *Long positions in the Share Options*

| Name of Director | Nature of interest | Number of Share Options granted | Exercised Price |
|-------------------------|---------------------------|--|------------------------|
| Mr. Chan Cheong Yee | Beneficial owner | 10,000,000(L) | 0.1012 |

L: Long Position

Save as disclosed above, as at the Latest Practicable Date, 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 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.

(b) 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 the Latest Practicable Date, 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 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:

| Name of Shareholder | Number of Shares held | Position | Approximate percentage of issued share capital of the Company |
|--|-----------------------|----------|---|
| Beglobal (<i>Note 1</i>) | 390,000,000 | Long | 14.21% |
| Mega Charming (<i>Note 2</i>) | 190,000,000 | Long | 6.92% |
| Emcom Limited (<i>Note 3</i>) | 174,706,000 | Long | 6.37% |
| Jolly King Limited (<i>Note 4</i>) | 174,706,000 | Long | 6.37% |
| Mr. Phang Wah (<i>Note 4</i>) | 174,706,000 | Long | 6.37% |
| Modern China Holdings Limited (<i>Note 5</i>) | 174,706,000 | Long | 6.37% |
| Mr. Chen Jijin (<i>Note 5</i>) | 174,706,000 | Long | 6.37% |

Notes:

- Beglobal is ultimately owned by GZ Trust Corporation, being the trustee of a discretionary trust, The Sino Star Trust. The discretionary objects of The Sino Star Trust include Mr. Chiau and his family. Immediately before entering into the Agreement, Beglobal holds convertible bonds issued by the Company in the principal amount of HK\$39,000,000 which can be converted into up to an aggregate of 390,000,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustments).
- Mega Charming Limited is wholly and beneficially owned by Designcase Limited, which is 99% beneficially owned by a discretionary trust founded by Mr. F.K. Hu. The remaining 1% interest in Designcase Limited is owned by Mr. and Mrs. F.K. Hu. Immediately before entering into the Agreement, Ryoden Property Development Company Limited, the holding company of Mega Charming holds convertible bonds issued by the Company in the principal amount of HK\$39,000,000 which can be converted into up to an aggregate of 390,000,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustments).

3. 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 was the former Chairman, Chief Executive Officer and Executive Director of the Company and resigned on 18 April 2009. 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 174,706,000 Shares. Emcom Limited is beneficially interested in 98,864,000 Shares or approximately 3.60% of the issued share capital of the Company.
4. 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 174,706,000 Shares.
5. 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 174,706,000 Shares. Modern China Holdings Limited is beneficially interested in 75,842,000 Shares or 2.76% of the issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the management Shareholders (as defined in the GEM Listing Rules) or substantial Shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

6. LITIGATION

As disclosed in the third quarterly report of the Company for the period ended 31 December 2009, the Company has settled the claim from Mr. Lee Kwok Ning Lobo and Ms. Lin Wai Yan. Other than as disclosed above and in the third quarterly report, the Company did not have other pending litigations.

7. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 March 2010, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) a joint venture agreement dated 5 November 2008 entered into between Sinoeye Limited, a wholly owned subsidiary of the Company and China Net-PC Limited in relation to the establishment of a joint venture company in the PRC with capital commitment on the part of Sinoeye Limited of not more than RMB2,450,000 for 49% equity interests in the joint venture company;
- (b) a sale and purchase agreement dated 2 December 2008 entered into between Easybuild Assets Management Limited, a wholly owned subsidiary of the Company, and ISF Asset Manager Limited in relation to the acquisition of the entire issued share capital of GI Space Limited and TY Space Limited for a consideration of HK\$6,800,000; and
- (c) a sale and purchase agreement dated 27 May 2009 entered into between the Company, Beglobal and Ryoden Property Development Company Limited in relation to the acquisition of the entire issued share capital of Harvest Yield Investments Limited, for a consideration of HK\$153,000,000;
- (d) a sale and purchase agreement dated 22 February 2010 and entered into between Teamgreat Investments Limited and High Amuse Limited ("High Amuse") as purchaser (a wholly owned subsidiary of the Company) pursuant to which High Amuse has agreed to purchase and Vendors has agreed to sell the entire equity interests in Raxco Assets Corp for a consideration of HK\$10;
- (e) a sub-licence agreement dated 22 February 2010 entered into between Entrance Gate Limited as licensor and High Amuse as licensee for a consideration of royalty of 10% of the sales revenue on the use of the intellectual property rights licensed.;

- (f) a service agreement dated 22 February 2010 entered into between Mr. Chiau Sing Chi and the Company and Mr. Chiau shall accept the appointment with prescribed duties for an initial term of five year, for an aggregate consideration of HK\$45 million convertible bonds with options to subscribe up to 250,000,000 shares;
- (g) a profit transfer deed dated 22 February 2010 entered into between Ngai Wah Associates Limited as transferor and High Amuse as transferee with no consideration payable by High Amuse; and
- (h) the Provisional Sale and Purchase Agreement and the Formal Sale and Purchase Agreement.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which are contained in this circular.

| Name | Qualification |
|---------------------------------|---------------------------------|
| Graham H.Y. Chan & Co | Certified Public Accountants |
| Greater China Appraisal Limited | Independent professional valuer |

Each of Graham H.Y. Chan & Co and Greater China Appraisal Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Graham H.Y. Chan & Co and Greater China Appraisal Limited did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Graham H.Y. Chan & Co and Greater China Appraisal Limited did not have any direct or indirect interests in any assets which had been, acquired or disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group (including any company which will become subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2010, being the date to which the latest published audited consolidated accounts of the Group were made up) since 31 March 2010.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company is at Room 1201 – 1204, 12th Floor, Sea Bird House, 22 – 28 Wyndham Street, Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Mr. Yik Chok Man, who is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (e) The compliance officer of the Company is Mr. Chan Cheong Yee, who is also an executive Director.
- (f) The audit committee of the Company comprises of Mr. Tsang Fung Chu, Mr. Wong Chi Keung Partick and Mr. Leung Ka Kui Johnny, who are all independent non-executive Directors. The audit committee review and provides supervision over the financial reporting process and internal control of the Group.

Ms. Tsang Fung Chu, aged 42, is a certified public accountant, fellow of the Association of Chartered Certified Accountants and the HKICPA. Ms. Tsang holds a Bachelor Degree of Social Sciences from the University of Hong Kong and has broad experience in the finance and accounting field. She served as honorary auditor for several non-government organizations and non-profit making organization and has a number of government and public appointment, mainly in the Yaumatei/Tsimshatsui/Mongkok region in Hong Kong. She is also a member of All China Youth Federation, the PRC and is involved in the provision of professional services to various kinds of PRC companies and investors. Ms. Tsang joined the Group in August 2007.

Mr. Wong Chi Keung Patrick, aged 59, has been working in the insurance field for thirty years at senior management level in the area of sales management, during which several major sales awards and international recognitions have been achieved. Besides sales and marketing, Mr. Wong has put extensive effort in the training areas for insurance professionals. Mr. Wong is currently working in Fortis Insurance Company as regional director, and he is also the master trainer and members of the Fortis Financial Services Academy. His major working areas are risk management and sales compliance. He is also an active member in the GAMA (General Agents and Managers Association of Hong Kong) and LUA (Life Underwriters Association of Hong Kong). Mr. Wong joined the Group in November 2007.

Mr. Leung Ka Kui, Johnny, aged 52 is a qualified solicitor and a Notary Public and China Appointed Attesting Officer. Mr. Leung has over 24 years of experience in the legal field and is the senior partner of Messrs. Johnny K. K. Leung & Co., Solicitors and Notaries. Mr. Leung holds a bachelor of laws degree from the University of London. Mr. Leung had been appointed as an independent non-executive director of Jackin International Holdings Limited (Stock Code: 630), Celestial Asia Securities Holdings Limited (Stock Code: 1049), and Cardlink Technology Group Limited (Stock Code: 8066) since 28 January 2000, 25 October 2000 and 12 September 2001 respectively. Mr. Leung joined the Group in September 2009.

- (g) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

11. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2010, being the date to which the latest published audited financial statements of the Group was made up.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Room 1201-1204, 12th Floor, Sea Bird House, 22-28 Wyndham Street, Central, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 March 2010;
- (c) the material contracts referred to under the paragraph “Material contracts” in this appendix;
- (d) the unaudited profit and loss statement on the Property as set out in Appendix I to this circular;
- (e) the letter from Graham H.Y. Chan & Co on the unaudited pro forma financial information as set out in Appendix II to this circular;
- (f) the report from Greater China Appraisal Limited on the valuation of the Property as set out in Appendix III to this circular;
- (g) the written consents referred to in the paragraph headed “Experts and consents” in this Appendix; and
- (h) each of the circulars issued by the Company pursuant to the requirements set out in Chapters 19 and/or 20 which has been issued since the date of the latest published accounts of the Company.

NOTICE OF EGM



EMCOM INTERNATIONAL LIMITED

帝通國際有限公司*

(to be renamed as “BINGO GROUP HOLDINGS LIMITED”)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Emcom International Limited (the “**Company**”) will be held at 46/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong on 16 August 2010 at 10 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the provisional sale and purchase agreement dated 9 March 2010, as varied by and/or merged with the formal sale and purchase agreement dated 23 April 2010 (the “**Agreement**”), entered into between Power Alliance Investment Limited, a wholly-owned subsidiary of the Company, as vendor, and Success Build Limited, a company incorporated in Hong Kong whose ultimate beneficial owner is CSI Properties Limited (Stock code: 497HK), a company listed on the main board of the Stock Exchange of Hong Kong Limited, as purchaser, in relation to the sale and purchase of the whole of the ground floor, upper ground floor, 1st and 2nd floors, at the Lising Court, Nos. 34 & 36 Granville Road, Kowloon, Hong Kong (a copy of which is marked “A” and produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification) be and is hereby approved, confirmed and ratified and the directors of the Company (the “**Directors**”) be and are hereby authorized to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Agreement and the transactions contemplated thereunder.”
2. “**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of, the listing of and permission to deal in, the shares of the Company to be issued pursuant to the exercise of options granted under the refreshed scheme mandate limit (the “**Scheme Mandate Limit**”) under the share option scheme approved and adopted by the Company on 19 October 2002 in the manner as set out in paragraph (a) of this resolution below,
 - (a) the refreshment of the Scheme Mandate Limit of up to 10% of the Shares of the Company in issue as at the date of passing of this resolution be and is hereby approved; and

* *for identification purpose only*

NOTICE OF EGM

- (b) the directors of the Company be and are hereby authorised do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangement.”

By order of the Board
Emcom International Limited
Chan Cheong Yee
Executive Director

Hong Kong, 29 July 2010

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681,
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*
Room 1201 – 1204,
12th Floor, Sea Bird House,
22 – 28 Wyndham Street, Central,
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or if he is a holder of more than one share, more proxies to attend and, in the event of a poll, to vote in his/her stead. A proxy needs not be a member of the Company but must be present in person at the Meeting to represent the member.
2. A form of proxy for use at the Meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and lodged at the Company's branch registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Center, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.