

DIGITALHONGKONG.COM 2000 Annual Report



ABOUT DIGITALHONGKONG.COM

DIGITALHONGKONG.COM (the "Company" or "Digital HK") is a commerce service provider (CSP) engaged in providing outsourcing services for an integrated e-commerce solution designed to enable any company to extend its business to the Internet. The focus of the Company's e-services is the development and provision of an open, secure and robust electronic payment processing platform which is targeted at interfacing with multiple payment systems and handling various payment methods for both B2B and B2C applications.

The Company was listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 April 2000. Prior to its listing, it was a wholly-owned subsidiary of Champion Technology Holdings Limited ("Champion Technology"), a communication software development group which is listed on the Main Board of the Stock Exchange.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

CORPORATE INFORMATION

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Executive directors

Mr. Paul KAN Man Lok (*Chairman*)
Mr. John WONG Yuk Lung
Ms. Shirley HA Suk Ling

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Mr. Francis Gilbert KNIGHT
Mr. FAN Sheung Tak

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Chairman's Statement

Registered office

Zephyr House
George Town
Grand Cayman
British West Indies

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Review of Operations and Prospects

Corporate Office

1702 One Exchange Square
Hong Kong

Headquarters

3rd Floor Kantone Centre
Chai Wan, Hong Kong

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Directors and Senior Management

Company homepage/website

<http://www.digitalhongkong.com>

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Notice of Annual General Meeting

Stock code on GEM

8007

Qualified accountant

Mr. John WONG Yuk Lung, FHKSA, FCPA

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Directors' Report

Compliance officer

Ms. Shirley HA Suk Ling

Authorised representatives

Mr. Paul KAN Man Lok
Ms. Shirley HA Suk Ling

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Auditors' Report

Company secretary

Ms. Jennifer CHEUNG Mei Ha, solicitor

Principal Bankers

Dao Heng Bank Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

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Consolidated Income Statement

Standard Chartered Bank
4-4a Des Voeux Road Central
Hong Kong

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Consolidated Balance Sheet

The Hongkong and Shanghai Banking
Corporation Limited
One Queen's Road Central
Hong Kong

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Balance Sheet

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
26th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

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Consolidated Cash Flow Statement

Principal share registrar and transfer office

The Harbour Trust Co. Ltd
P.O. Box 1787
Grand Cayman
Cayman Islands
British West Indies

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Notes to the Financial Statements

Hong Kong branch share registrar and transfer office

Secretaries Limited
5th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

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Financial Summary

CHAIRMAN'S STATEMENT

Dear Shareholders,

Just as most of us are starting to appreciate the significance and implications of the Internet, conflicting signals about Internet commerce flooded the media in the last few months. On one hand, the statistics and forecasts released by top industry experts reveal very encouraging figures worldwide about the growth of Internet penetration and e-commerce revenues. Even in emerging markets like China, the Internet is gaining such popularity that the number of Internet users is reported to have been doubling every six months, and the figure is expected to surpass 20 million before the end of 2000.

At the other extreme, there has been a surge in the number of failures of dotcom companies, including much hyped Internet stars backed by large multinational corporations of unquestioned financial strength.

Is the digital economy doomed?

Hardly. Although disruptive to employees and stock markets, the business of the Internet is simply experiencing the kind of natural consolidation that recast many other industrial landscapes, from automobiles to banking. A simple search through history illustrates this phenomenon.

"Bigspending" warfare

Until six months ago, it was fashionable for dotcoms to spend much of their short existences burning other people's money trying to become big before they became profitable. Today, with few exceptions, these companies and their investors are dealing with the consequences of this spendthrift strategy. And for a bunch of these, cash has dried up, and there now is no tomorrow.

Call it prudent or old economy, I and my team were not lured to this "bigspending" or "outspending" warfare, although we have great admiration for the bravery of the participants. We have grown up and adopted a more conservative approach to developing a start-up business. At one point, such "conservative" strategy was considered out of step with the market. With hindsight, we are better off in preserving our resources than the ones that did not.

Financial performance

The financial figures below speak for our prudent financial policy. The Group incurred HK\$12,745,000 operating costs during the year under review, which comprised market promotion, research and development, and general and administrative expenses. Loss for the period was HK\$9,262,000. Turnover for the period was HK\$3,213,000. As at 30 June 2000, the Group had cash on hand of HK\$18,685,000 being placed on short-term deposits.

Costs were well-managed, and new-funding will only be required if we proceed with new acquisitions and investment projects.

e-Commerce offers great promise, but it will take considerable effort and patience to reap the rewards

Indeed, e-commerce is offering lots of promise, but it calls for great patience and sense of reality as far as tangible benefits are concerned. The phenomenon of complete automation end-to-end in a business transaction, which is what e-commerce calls for, has yet to materialise. When that happens, the benefits of e-commerce will become a reality.

There is always an over-simplification of a new trend development, and underestimation of the complications involved. According to Forrester Research, even the U.S., which is ahead in Internet usage, has just entered the "commerce threshold phase", or critical building period, in terms of the development of e-commerce. This phase is expected to last 18-24 months, to be followed by 5 to 10 years of unprecedented "hypergrowth". Some high-tech industries, such as computing and electronics, may have already entered the hypergrowth phase.

Look out for 2005 when e-commerce will achieve critical mass

In Asia, and in Hong Kong in particular, my guess is for 2003 and beyond when e-commerce is really going to kick off and achieve momentum. A more credible prediction points to 2005, a decade after the Net was popularised by the introduction of the browser, when e-commerce will reach critical mass, and when it will truly begin to shape

mass consumer shopping habits. Also, by 2005, it looks as though there will be sufficient infrastructure and technology in place, experimentation and improvement will have reached a point of maturity - though still far from complete - and consumer purchasing will start proving notably easier, more enjoyable and more rewarding.

Based on the above analysis, a realistic time frame for companies entering the e-commerce race, ourselves included, to achieve returns will be three to five years. This is definitely no music to the ears for a lot of Internet investors. Don't forget, the PCs introduced in the 1980s took over a decade to reach a critical mass. ATMs introduced in the 1970s took even longer to popularize. So my prediction of three to five years is in line with Internet pace. Of course, we hope to do better.

New business opportunities

Among the new business opportunities being pursued is m-commerce, whereby the Group is working on a B2C payment solution enabling consumers to purchase goods with mobile phones. This payment option will be integrated with the Group's existing online payment platform.

Looking forward

Despite the early stage in the development of e-commerce, especially in the region, we are convinced that we have a tremendous opportunity in the new economy in the years ahead. Of course, many people in the market talk about bright prospects. But expectation is easy. Delivering it is the hard part, and I need your support and the dedication of my team to strive ahead.



Paul KAN Man Lok
Chairman of the Board
September 2000

REVIEW OF OPERATIONS AND PROSPECTS

Operations review

For the twelve months ended 30 June 2000, the Group recorded a loss of HK\$9,262,000, compared with HK\$2,609,000 for the previous year, and turnover of HK\$3,213,000. Loss per share for the year was 7.12 cents.

Turnover of HK\$3,213,000 was related to the provision of professional services/technical advice on integrating payment processing functionality, and was made up of upfront fees and annual service subscription fees.

The Group's operating costs were approximately HK\$12,745,000, of which staff costs were approximately HK\$3,867,000; general and administrative expenses, being the management fee charged by the Champion Group, were approximately HK\$3,000,000; and costs for enhancement of payment infrastructure were approximately HK\$4,674,000. As at 30 June 2000, the Group had cash on hand of HK\$18,685,000.

The Group soft launched its CSP services in September 1999, when its first payment engine was installed and underwent the beta test. Its initial clients were primarily B2C shopping sites, which include 100bestshops.com, a showcase website housing premium quality shops that sell a wide range of brandname goods and services, and CathayMall, a cybermall specially constructed to accommodate the card users of a major credit card company. Other websites are at an early stage of development, and these focus on niche services or special interests at target customers. Each of these websites caters for a particular business sector such as properties, hotels, brokers, and restaurants. These are now referred to as vertical portals in the sense that they specialize in a particular area of interest.

As far as payment gateways are concerned, the Group has teamed up with leading banks to process online transaction needs. Meanwhile, to capture the potential of the increasingly popular mode of mobile

commerce with individual consumers, the Group is working on a B2C solution that integrates e-payments via mobile phones with its existing online payment platform.

Comparison between Business Objectives as detailed in the Prospectus and Actual Progress

For period up to 30 June 2000

<i>Business objectives as stated in the prospectus dated 5 April 2000</i>	<i>Actual business progress</i>
<p>Payment Platform</p> <ul style="list-style-type: none"> • Web-based Payment System (WPS) development and testing • WPS merchant interface development and testing <p>Marketing and Promotion</p> <ul style="list-style-type: none"> • promotion and marketing campaign to recruit consumers, merchants and financial acquirers 	<p>Payment Platform</p> <ul style="list-style-type: none"> • WPS <ul style="list-style-type: none"> – Testing results satisfactory – Proceed to phone-based payment testing • WPS merchant interface testing with external customers <p>Marketing and Promotion</p> <ul style="list-style-type: none"> • joint promotion with fellow subsidiary Y28.COM to maximise results, including marketing to merchants with e-commerce bundled services, and joint publicity to launch y28.com site
<p>Use of Proceeds</p> <ul style="list-style-type: none"> • it is presently estimated that approximately HK\$10 million of the net proceeds from the Placing will be allocated for the above scheduled events, of which approximately HK\$5 million is intended to be used for the development of payment platform, and HK\$5 million is intended to be used for marketing and promotion 	<p>Use of Proceeds</p> <ul style="list-style-type: none"> • HK\$4,828,000 has been deployed to further develop and enhance Payment Platform • HK\$1,273,000 has been deployed on Marketing and Promotion • balance has been placed on short-term deposits

Prospects

The business model of the Group embraces the provision of an open payment platform capable of supporting a comprehensive range of e-services. As the architecture and

infrastructure on which Internet commerce is based is becoming more complex and expensive for both big and small organisations, there exists an exciting opportunity for outsourcing services, such as those offered by the Group.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Paul KAN Man Lok, aged 53, is the Chairman and Executive Director with responsibility for Digital HK's strategic planning and development. He is also Chairman of both Champion Technology Holdings Limited and Kantone Holdings Limited, the shares of which are listed on the Main Board. Mr. Kan brings over 30 years of experience in the computing and telecommunications industries to bear on fully leveraging the e-commerce technology that is a key success factor for business today. As author of the books in the Hong Kong e-Commerce Studies Series published by Digital HK, he has forged a strong link between his IT legacy and the promise of an online-assisted life. Prior to setting up the Champion Group in 1987, he was the general manager of Asiadata Limited, a computing services subsidiary of Cable & Wireless PLC. He has served twice on the Stock Exchange Working Group on Corporate Governance during 1994-95 and 1999-2000, and is currently a member of the Listing Committee of the GEM Board.

Mr. John WONG Yuk Lung, aged 56, Executive Director and Chief Financial Officer, has extensive financial and management experience in the information technology field, having previously served in various senior positions including Chief Financial Officer of the Champion Group between June 1992 and August 1994, and having served in similar capacities for 16 years with the Cable and Wireless Group. He stayed on as advisor to the Champion Group after his departure, and rejoined the Group in March 2000. He is a Fellow Member of the Hong Kong Society of Accountants and the Australian Society of Certified Practising Accountants, and an associate member of the Australian Institute of Banking and Finance.

Ms. Shirley HA Suk Ling, aged 44, is responsible for the Group's corporate finance and strategies. In addition, she heads the Group's e-Commerce Community Awareness Programme (e-CCAP) and liaises with government departments, solutions and business partners, different sectors of the

business and academic communities in driving the e-revolution. Prior to joining the Group, she was Executive Vice President of Corporate Development for Champion which she joined in March 1992. She holds a Bachelor's degree in Arts from the University of Hong Kong and a Master's degree in Business Administration from the Chinese University of Hong Kong.

Independent non-executive Directors

Mr. Francis Gilbert KNIGHT, aged 70, has been an Independent Non-Executive Director since March 2000. Mr. Knight is the Chairman and Managing Director of Asian Security and Investigation Services Limited which is a private company. A fellow of the British Institute of Directors and the British Institute of Management, the American Society for Industrial Security and the International Association of Police Chiefs, Mr. Knight has over 17 years' experience in the field of copyright protection, security and commercial investigations, and acts as security adviser to a number of major organizations.

Mr. FAN Sheung Tak, aged 60, has been an Independent Non-Executive Director since March 2000. Mr. Fan is a Fellow Member of the Chartered Association of Certified Accountants, the Hong Kong Society of Accountants, the Institute of Management Consultants and the Taxation Institute of Hong Kong. Mr. Fan serves as advisor and/or committee member on a number of major professional bodies. He is the Founder and Senior Partner of Fan, Mitchell & Co., certified public management consultancy and financial advisory services.

SENIOR MANAGEMENT

Ms. Cindy MAK Man Yee, aged 32, is V.P. e-Commerce. She oversees the day-to-day operations, and leads and coordinates staff support. Ms. Mak also works with strategic partners and service providers on the implementation of Internet and e-commerce projects, with an emphasis on the introduction of new and existing clients, customers and suppliers to the world of online business. She holds a Bachelor's

degree from the University of Hong Kong. She has been with the Champion Group since 1990 before joining the Group in July 1999.

Mr. Gary CHOY Kin Chung, aged 30, is V.P. e-Commerce projects. He is responsible for project implementation. He holds an Electrical Engineering Degree from Georgia Institute of Technology, Atlanta, Georgia. He directs the technical staff and engineers to develop innovative network and system solutions. He has been closely involved in the Internet and client/server architecture, as well as the technical support aspects of the Group's e-commerce and Internet initiatives. He has been with the Champion Group since 1992 before joining the Group in July 1999.

Ms. Joanne CHIU Ym Fan, aged 29, is V.P. Administration and Logistics. She is the primary liaison point with external organisations and co-ordinates a wide range of e-mail operations. She has responsibilities in the areas of logistics, sales and marketing, corporate resource development, and purchasing. She graduated from the University of Hong Kong with a Bachelor's degree, and has been with the Champion Group since 1994 before joining the Group in July 1999.

Mr. Robert SIA Chun Chung, aged 28, is V.P. e-Commerce Operation. He oversees the technical management and systems support of the Group's e-commerce and Internet operations. He is responsible for the integration of client/server and database technologies and maintenance of communication interface standards for the smooth implementation of the Group's e-commerce technologies. He holds a Bachelor's degree in engineering from the University of Hong Kong and a Master of Science in Electronic Engineering degree from the Polytechnic University of Hong Kong. He has been with the Champion Group since 1995 before joining the Group in July 1999.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of DIGITALHONGKONG.COM (the "Company") will be held at Room 1702 One Exchange Square, 8 Connaught Place, Hong Kong on 26 October 2000 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30 June 2000.
2. To elect directors and to authorise the board of directors to fix their remuneration.
3. To appoint auditors and to authorise the board of directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

A. "THAT:

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or scrip dividend scheme of the Company or the exercise of the subscription rights under the share option scheme of the Company shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

B. "THAT:

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- C. “THAT conditional upon resolution no. 4B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 4B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no.4A above.”

Principal office:

Room 1702 One Exchange Square,
8 Connaught Place,
Hong Kong.

Note:

A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

By Order of the Board
Jennifer Cheung Mei Ha
Company Secretary

Hong Kong, 20 September, 2000

DIRECTORS' REPORT 董事會報告

The directors present their first report and the audited financial statements of the Company for the period from 27th January, 2000 (date of incorporation) to 30th June, 2000 and of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30th June, 2000.

REORGANISATION AND LISTING ON THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

The Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law (Revised) Chapter 22 of the Cayman Islands on 27th January, 2000. Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the GEM, the Company became the holding company of the Group on 27th March, 2000. Details of the group reorganisation are set out in note 1 to the financial statements.

The shares of the Company have been listed on the GEM since 17th April, 2000.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 11 to the financial statements.

No activity analysis and geographical analysis is presented for the year ended 30th June, 2000 as substantially all the Group's turnover and contribution to results were derived from the business of development and operation of payment infrastructure which facilitates web-enabled transactions in Hong Kong.

RESULTS

The results of the Group for the year ended 30th June, 2000 are set out in the consolidated income statement on page 14.

The directors do not recommend the payment of a dividend.

FINANCIAL SUMMARY

A summary of the results of the Group for each of the three years ended 30th June, 2000 is set out on page 30.

SHARE CAPITAL AND SHARE OPTIONS

Details of changes in the authorised and issued share capital of the Company since its incorporation are set out in note 14 to the financial statements.

Details of the share option scheme of the Company are set out in note 15 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 16 to the financial statements.

董事謹提呈彼等首份報告及本公司由二零零零年一月二十七日(註冊成立日期)至二零零零年六月三十日止期間之經審核財務報告及本公司及其附屬公司(以下統稱「本集團」)於截至二零零零年六月三十日止年度之經審核財務報告。

重組及在香港聯合交易所有限公司(「聯交所」)創業板市場(「創業板」)上市

本公司於二零零零年一月二十七日在開曼群島根據開曼群島經修訂公司法第二十二章註冊成立為獲豁免有限公司。根據一項精簡本集團架構以籌備本公司股份在創業板公開上市之重組計劃，本公司於二零零零年三月二十七日成為本集團之控股公司。集團重組之詳情載於財務報告附註1。

本公司股份自二零零零年四月十七日起在創業板上市。

主要業務

本公司為一間投資控股公司。其附屬公司之主要業務載於財務報告附註11。

並無呈列截至二零零零年六月三十日止年度按業務劃分之分折及按地區劃分之分析。此乃由於本集團之營業額及業績貢獻大部份來自開發及經營有助促進香港網上交易之付款基礎設施業務。

業績

本集團截至二零零零年六月三十日止年度之業績載於第14頁之綜合收益表。

董事不建議派付股息。

財務摘要

本集團截至二零零零年六月三十日止三個年度各年之業績概要載於第30頁。

股本及購股權

本公司自註冊成立以來之法定及已發行股本變動詳情載於財務報告附註14。

本公司之購股權計劃詳情載於財務報告附註15。

儲備

本集團及本公司於年內之儲備變動詳情載於財務報告附註16。

The Company's reserves available for distribution represent the special reserve and share premium under the Companies Law (Revised) Chapter 22 of the Cayman Islands, which in aggregate amounted to approximately HK\$10,432,000 as at 30th June, 2000. The share premium of the Company is available for paying dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in ordinary course of business. In accordance with the Company's Articles of Association, dividends can be distributed out of the profits, special reserve and share premium of the Company.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred an aggregate of approximately HK\$518,000 in the acquisition of additional computer system and equipment. Details of these and other movements in property, plant and equipment of the Group during the year are set out in note 10 to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries at 30th June, 2000 are set out in note 11 to the financial statements.

DIRECTORS

The directors of the Company since incorporation and up to the date of this report were:

Executive directors:

Mr. Paul Kan Man Lok, Chairman	(appointed on 27th January, 2000)
Mr. John Wong Yuk Lung	(appointed on 27th January, 2000)
Ms. Shirley Ha Suk Ling	(appointed on 27th January, 2000)

Independent non-executive directors:

Mr. Francis Gilbert Knight	(appointed on 22nd March, 2000)
Mr. Fan Sheung Tak	(appointed on 22nd March, 2000)

In accordance with provisions of the Company's Articles of Association, Mr. Francis Gilbert Knight and Mr. Fan Sheung Tak, appointed during the period shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

根據開曼群島經修訂公司法第二十二章，本公司可供分派之儲備包括特別儲備及股份溢價，彼等於二零零零年六月三十日之總額約為10,432,000港元。本公司之股份溢價可在公司組織章程大綱及公司細則規限下以股息形式向股東派發，惟本公司必須在作出股息分派後仍能償還日常業務過程中到期應付之債項。根據本公司之公司細則，股息只可從本公司之溢利、特別儲備及股份溢價中撥款派發。

物業、機器與設備

於本年度內，本集團動用了合共約518,000港元增購電腦系統及設備。有關上述事項之詳情及本集團於年內之物業、機器與設備之其他變動詳情載於財務報告附註10。

附屬公司

本公司各附屬公司於二零零零年六月三十日之詳細資料載於財務報告附註11。

董事

自註冊成立以來及截至本報告刊發日期止，本公司之董事為：

執行董事：

簡文樂先生(主席)	(於二零零零年一月二十七日獲委任)
黃玉龍先生	(於二零零零年一月二十七日獲委任)
夏淑玲女士	(於二零零零年一月二十七日獲委任)

獨立非執行董事：

Francis Gilbert Knight先生	(於二零零零年三月二十二日獲委任)
范尚德先生	(於二零零零年三月二十二日獲委任)

根據本公司之公司細則之規定，於期內獲委任之Francis Gilbert Knight先生與范尚德先生將於應屆股東週年大會上告退及膺選連任。

擬於應屆股東週年大會上動議連任之董事概無訂立任何本集團不能於一年內毋須作出補償(法定補償除外)而終止之服務合約。

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year ended 30th June, 2000, the Group had the following transactions with Champion Technology Holdings Limited ("Champion", the Company's ultimate holding company) and Champion Technology Limited (a subsidiary of Champion) which are deemed to be connected parties pursuant to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"):

Registration fee and annual fees received from Champion Technology Limited
Administration fees paid by the Group to Champion
Administration fees paid by the Group to Champion Technology Limited

The Company and Champion entered into a fee sharing agreement dated 27th March, 2000 whereby Champion agrees to employ the payment platform services of the Group. The Group will share the transaction amount received by using the payment platform at a rate to be agreed between the Group and Champion and its subsidiaries (other than the Group). No transactions were processed by using the payment platform during the year ended 30th June, 2000 and accordingly no fee was received by the Group.

In the opinion of the independent non-executive directors, the above transactions were carried out in the ordinary and usual course of business under normal commercial terms and are in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company, any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 30th June, 2000, the interests of the directors and their associates in the securities of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of Hong Kong Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director

Securities of the Company

Mr. Paul Kan Man Lok

Securities of Champion

Mr. Paul Kan Man Lok (Note 2)

Securities of Kantone Holdings Limited ("Kantone", a subsidiary of Champion)

Mr. Paul Kan Man Lok

董事於合約及關連交易之權益

於截至二零零零年六月三十日止年度，本集團曾與冠軍科技集團有限公司（「冠軍」，本公司之最終控股公司）及冠軍科技有限公司（冠軍之附屬公司）進行下文所述之交易。根據聯交所創業板證券上市規則（「創業板上市規則」），彼等被視為關連人士。

自冠軍科技有限公司收取之登記費及年費	HK\$'000 千港元
本集團支付予冠軍之管理費用	2,142
本集團支付予冠軍科技有限公司之管理費用	750
	<u>2,250</u>

本公司及冠軍於二零零零年三月二十七日訂立了一項攤分收費協議，據此冠軍同意採用本集團之付款平台服務。本集團將會按照本集團及冠軍與其附屬公司（本集團除外）所議定之比率，攤分因使用付款平台而收取之交易款項。於截至二零零零年六月三十日止年度，並無使用付款平台處理任何交易，因此，本集團並無收取任何費用。

獨立非執行董事認為，上述交易乃於日常及一般業務過程中按一般商業條款進行，並符合監管彼等之有關協議之規定，且按公平合理及符合本公司股東整體利益之條款進行。

除上文所披露者外，本公司董事在本公司、其任何控股公司、同系附屬公司或附屬公司所參與，且在本年度結束時仍然有效或在本年度內任何時間訂立之重大合約中，概無直接或間接擁有任何重大權益。

董事之證券權益

於二零零零年六月三十日，按本公司根據香港證券（披露權益）條例（「權益披露條例」）第29條存置之名冊記錄所示，董事及彼等之聯繫人士在本公司及其相關法團之證券權益如下：

董事姓名	Number of shares 股份數目
本公司證券	
簡文樂先生	Note 1 附註 1
冠軍證券	
簡文樂先生（附註2）	2,065,521,680
看通集團有限公司證券 （「看通」，冠軍之附屬公司）	
簡文樂先生	Note 3 附註 3

Notes:

- 117,300,000 shares were held by Champion and 2,669,171 shares were held by Lawnside International Limited ("Lawnside"). Lawnside is wholly owned by Lanchester Limited which is a company beneficially owned by a discretionary trust, the eligible discretionary objects of which include Mr. Paul Kan Man Lok and his family members and staff of Champion and its subsidiaries. As at 30th June, 2000, Lawnside had interests in approximately 35.10% of the entire interest of Champion and was accordingly deemed to have an interest in these shares which were owned by Champion. These are classified as other interests under the GEM Listing Rules.
- These shares were held by Lawnside. As at 30th June, 2000, Lawnside had interests in approximately 35.10% of the entire interest of Champion and was accordingly deemed to have an interest in these shares which were owned by Champion. These are classified as other interests under the GEM Listing Rules.
- 210,990,117 of these shares were held by the Champion and 66,514,070 of these shares were held by Lawnside. These are classified as other interests under the GEM Listing Rules.

Save as disclosed above and other than certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, none of the directors or any of their associates had any interest in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30th June 2000.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above under directors' interests in securities, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the share option scheme as set out in note 15 to the financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 30th June, 2000 and there was no exercise of convertible securities, options, warrants or similar rights during the period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the share option scheme of the Company are set out in note 15 to the financial statements. The Company, Champion and Kantone each has an executive share option scheme which enables the directors of the Company, Champion and Kantone to grant to directors and employees options to subscribe for shares in the Company, Champion and Kantone respectively.

No share option was granted by the Company during the period ended 30th June, 2000.

The share options granted by Champion and Kantone are exercisable at any time for a period as it may be determined by its directors. The subscription price of the option shares is the higher of the nominal value of the shares and an amount which is 80% of the average of the closing prices of the shares on the five trading days immediately preceding the date of grant of the options.

附註:

- 117,300,000股由冠軍持有，而2,669,171股則由Lawnside International Limited ("Lawnside") 持有。Lawnside由Lanchester Limited全資擁有。Lanchester Limited乃由一個全權信託實益擁有之公司，該全權信託之合資格全權託管對象包括簡文樂先生及其家族成員以及冠軍及其附屬公司之僱員。於二零零零年六月三十日，Lawnside擁有冠軍全部權益中約35.10%之權益及因而被視為擁有該等由冠軍擁有之股份權益。根據創業板上市規則，該等股份被歸類為其他權益。
- 該等股份由Lawnside持有。於二零零零年六月三十日，Lawnside擁有冠軍全部權益中約35.10%之權益及因而被視為擁有該等由冠軍擁有之股份權益。根據創業板上市規則，該等股份被歸類為其他權益。
- 該等股份中之210,990,117股由冠軍持有及該等股份中之66,514,070股由Lawnside持有。根據創業板上市規則，該等股份被分類為其他權益。

除上文所披露者外及除了由董事以本公司或其附屬公司之受託人名義持有之若干附屬公司之證券外，於二零零零年六月二十日，各董事或彼等之聯繫人士概無擁有本公司或其相聯法團（定義見披露權益條例）之證券權益。

主要股東

於二零零零年六月二十日，除上文「董事之證券權益」一節所披露之權益外，按本公司根據披露權益條例第16(1)條存置之主要股東名冊所示，本公司並無接獲通知有任何人士持有本公司已發行股本10%或以上。

可換股證券、購股權、認股權證或類似權利

除了財務報告附註15所載之購股權計劃外，於二零零零年六月三十日，本公司並無任何尚未行使之可換股證券、購股權、認股權證或類似權利。於期內亦無行使任何可換股證券、購股權、認股權證或類似權利。

董事購買股份或債券之權利

本公司購股權計劃之詳情載於財務報告附註15。本公司、冠軍及看通各自設立一套高級行政人員購股權計劃。據此，本公司、冠軍及看通之董事可各自向董事及僱員授出分別可認購本公司、冠軍及看通股份之購股權。

於截至二零零零年六月二十日止期間內，本公司並無授出任何購股權。

冠軍及看通授出之購股權可在其董事決定之期間內隨時行使。購股權股份之認購價乃股份之面值或股份於緊接購股權授出日期前五個交易日之平均收市價之80%（以較高者為準）。

No share option was granted by Champion and Kantone to directors of the Company for the period ended 30th June, 2000.

Other than the share option schemes as described above, at no time during the year was the Company, any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for about 94% of the turnover of the Group and the largest customer is a subsidiary of Champion which accounted for about 67% of the total turnover.

Save as disclosed above, none of the directors, their respective associates and shareholders of the Company (which to the knowledge of the directors own more than 5% of the issued capital of the Company) had any interest in any of the five largest customers of the Group for the financial year ended 30th June, 2000.

For each of the two years ended 30th June, 2000, no party has been classified as a supplier of the Group.

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

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDIT COMMITTEE

An audit committee was established on 27th March, 2000 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The two independent non-executive directors have been appointed to the audit committee, and Mr. Fan Sheung Tak, one of the independent non-executive directors, has been appointed as the chairman of the audit committee.

An audit committee meeting was held on 12th May, 2000. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

於截至二零零零年六月三十日止期間內，冠軍及看通並無向本公司董事授出任何購股權。

除上文所述之購股權計劃外，本公司、其任何控股公司、同系附屬公司或附屬公司於年內任何時間概無訂立任何安排，以致本公司之董事可藉購入本公司或任何其他法人團體之股份或債券而獲益，而各董事或彼等之配偶或18歲以下之子女亦無擁有可認購本公司證券之任何權利，亦無於年內行使任何該等權利。

主要客戶及供應商

於本年度內，本集團五大客戶佔本集團營業額約94%。本集團最大客戶為看通之附屬公司，其佔總營業額約67%。

除上文所披露者外，於截至二零零零年六月三十日止財政年度，概無任何董事、彼等各自之聯繫人士及據董事所知擁有本公司已發行股本5%以上之本公司股東在本集團五大客戶任何一位中擁有任何權益。

截至二零零零年六月三十日止兩個年度各年，並無任何人士被歸類為本集團供應商。

購買、出售或贖回本公司之上市證券

期內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

優先購股權

本公司之公司細則或開曼群島法律概無載有任何有關優先購股權之規定，規定本公司須按比例向現有股東發售新股份。

審核委員會

於二零零零年三月二十七日，本公司根據創業板上市規則第5.23至第5.25條之規定成立了一個具有明確職權及職責範圍之審核委員會。兩名獨立非執行董事已獲委任為審核委員會成員及范尚德先生（其中一名獨立非執行董事）獲委任為審核委員會主席。

已於二零零零年五月十二日舉行審核委員會會議。審核委員會之主要職責為審核及監管本集團之財務申報程序及內部控制系統。

DONATIONS

During the year, the Group made charitable donations amounting to HK\$650,000.

COMPETING INTEREST

None of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes with the Company or may compete with the business of the Group.

SPONSOR'S INTERESTS

None of the Company's sponsor, Dao Heng Securities Limited ("Dao Heng Securities"), its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 30th June, 2000.

Pursuant to the agreement dated 17th April, 2000 entered into between the Company and Dao Heng Securities, Dao Heng Securities has been retained to act as the Company's sponsor for the period from 17th April, 2000 to 30th June, 2002 in return for a monthly advisory fee.

AUDITORS

Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company during the period. A resolution will be submitted to the annual general meeting of the Company to re-appoint them as auditors.

On behalf of the Board

Paul KAN Man Lok
Chairman
20th September, 2000

捐款

於本年度內，本集團曾捐出慈善捐款共650,000港元。

競爭業務權益

本公司各董事或管理股東(定義見創業板上市規則)概無擁有任何與本集團業務構成競爭或可能構成競爭之業務權益。

保薦人權益

於二零零零年六月三十日，本公司之保薦人道亨證券有限公司(「道亨證券」)，其董事、僱員或聯繫人士(定義見創業板上市規則第6.35條附註3)概無於本公司或本集團任何其他公司之任何類別證券(包括購股權或可認購該等證券之權利)中擁有任何權益。

根據本公司及道亨證券於二零零零年四月十七日訂立之協議，道亨證券將於二零零零年四月十七日至二零零二年六月三十日期間繼續出任本公司之保薦人，並就此收取顧問月費。

核數師

德勤·關黃陳方會計師行為本公司於期內之核數師。有關續聘其為核數師之決議案將於本公司之股東週年大會上提呈。

承董事會命

主席
簡文樂
二零零零年九月二十日

德勤•關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF DIGITALHONGKONG.COM (incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 14 to 29 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, of those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th June, 2000 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Hong Kong
20th September, 2000

致數碼香港列位股東

(於開曼群島註冊成立之有限公司)

本核數師行已完成審核載於第14頁至第29頁按照香港普遍採納之會計準則編製之財務報告。

董事及核數師之個別責任

貴公司之董事須負責編製真實及公平之財務報告。在編製該等財務報告時，董事必須貫徹採用合適之會計政策。

本行之責任乃根據審核工作之結果，對該等財務報告作出獨立之意見，並向股東作出報告。

意見之基礎

本行已按照香港會計師公會頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報告所載數額及披露事項有關之憑證，亦包括評審董事於編製該等財務報告時所作之重大估計及判斷，所釐定之會計政策是否適合貴公司及貴集團之具體情況，以及是否貫徹運用並充分披露該等會計政策。

本行在策劃及進行審核工作時，均以取得一切本行認為必需之資料及解釋為目標，使本行能獲得充分之憑證，就該等財務報告是否存在重要錯誤陳述，作出合理之確定。在表達意見時，本行亦已衡量該等財務報告所載之資料在整體上是否足夠。本行相信，本行之審核工作已為下列意見建立合理之基礎。

意見

本行認為上述財務報告均真實及公平地反映貴公司及貴集團於二零零零年六月三十日之財務狀況及貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露規定妥善編製。

德勤•關黃陳方會計師行

香港
二零零零年九月二十日

CONSOLIDATED INCOME STATEMENT 綜合收益表

FOR THE YEAR ENDED 30TH JUNE, 2000 截至二零零零年六月三十日止年度

		Notes 附註	2000 二零零零年 HK\$'000 千港元 (Note 1) (附註 1)	1999 一九九九年 HK\$'000 千港元 (Note 1) (附註 1)
Turnover	營業額	3	3,213	—
Other revenue	其他收入	4	270	—
Operating costs	經營成本			
Acquired technology written off	購入技術攤帳		(4,674)	—
Staff costs	僱員成本		(3,867)	(4)
Administrative expenses	行政費用		(3,000)	(2,400)
Others	其他		(1,204)	(205)
Loss from operations	經營虧損	5	(9,262)	(2,609)
Taxation	稅項	7	—	—
Net loss for the year	本年度淨虧損	8	(9,262)	(2,609)
Loss per share -basic	每股虧損—基本	9	7.12 cents	2.09 cents

There were no recognised gains or losses other than the net loss for the year.

除了本年度虧損淨額外，並無任何已確認之收益或虧損。

CONSOLIDATED BALANCE SHEET 綜合資產負債表

AT 30TH JUNE, 2000 於二零零零年六月三十日

	Notes 附註	2000 二零零零年 HK\$'000 千港元	1999 一九九九年 HK\$'000 千港元 (Note 1) (附註 1)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	515	107
Current assets			
Trade and other receivables		1,071	—
Deposits and prepayments		10	8
Amount due from a fellow subsidiary	12	131	—
Deposits, bank balances and cash	13	18,685	—
		19,897	8
Current liabilities			
Trade and other payables		1,394	5
Amounts due to fellow subsidiaries		—	2,831
		1,394	2,836
Net current assets (liabilities)		18,503	(2,828)
Net assets (liabilities)		19,018	(2,721)
CAPITAL AND RESERVES			
Share capital	14	15,000	—
Reserves	16	4,018	(2,721)
Balance (deficiency) of shareholders' funds		19,018	(2,721)

The financial statements on pages 14 to 29 were approved by the Board of Directors on 20th September, 2000 and are signed on its behalf by:

第14至第29頁所載之財務報告已於二零零零年九月二十日由董事會批核及由下列董事代表簽署:

Paul KAN Man Lok
簡文樂
Director
董事

Shirley HA Suk Ling
夏淑玲
Director
董事

BALANCE SHEET 資產負債表

AT 30TH JUNE, 2000 於二零零零年六月三十日

		Notes 附註	HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債		
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	11	2,071
Current assets	流動資產		
Prepayments	預付款項		4
Amounts due from subsidiaries	應收附屬公司款項	12	7,780
Deposits, bank balances and cash	存款、銀行結餘及現金	13	15,472
			<hr/>
			23,256
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項		602
			<hr/>
Net current assets	流動資產淨額		22,654
			<hr/>
Net assets	資產淨額		24,725
			<hr/>
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	14	15,000
Reserves	儲備	16	9,725
			<hr/>
Balance of shareholders' funds	股東資金結餘		24,725
			<hr/>

Paul KAN Man Lok
簡文樂
Director
董事

Shirley HA Suk Ling
夏淑玲
Director
董事

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流動表

FOR THE YEAR ENDED 30TH JUNE, 2000 截至二零零零年六月三十日止年度

		Notes 附註	2000 二零零零年 HK\$'000 千港元 (Note 1) (附註 1)	1999 一九九九年 HK\$'000 千港元 (Note 1) (附註 1)
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	經營業務(所耗)所得之現金淨額	18	(12,068)	114
CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE Interest received	投資回報及融資費用之 所得現金 已收利息		270	-
CASH OUTFLOW FROM INVESTING ACTIVITIES Purchase of property, plant and equipment	投資活動所耗現金 購置物業、機器與設備		(518)	(114)
NET CASH OUTFLOW BEFORE FINANCING	融資前所耗現金淨額		(12,316)	-
FINANCING	融資	19		
Issue of shares (net of expenses of HK\$6,879,000)	發行股份(已扣除6,879,000港元之費用)		23,361	-
Net cash inflow from ultimate holding company and fellow subsidiaries	自最終控股公司及同系附屬公司所得之 現金淨額		7,640	-
CASH INFLOW FROM FINANCING	融資所得現金		31,001	-
INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等額之增加		18,685	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初之現金及現金等額		-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by deposits, bank balances and cash	年終之現金及現金等額— 存款、銀行結餘及現金		18,685	-

NOTES TO THE FINANCIAL STATEMENTS 財務報告附註

FOR THE YEAR ENDED 30TH JUNE, 2000 截至二零零零年六月三十日止年度

1. GROUP REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated on 27th January, 2000 as an exempted company with limited liability in the Cayman Islands under the Companies Law (Revised) of the Cayman Islands. Its ultimate holding company is Champion Technology Holdings Limited ("Champion"), a company also incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are establishing and providing secured electronic payment processing platform.

Pursuant to a series of group reorganisation steps (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market (the "GEM") of the Stock Exchange, the Company became the holding company of the Group on 27th March, 2000.

The companies in the Group underwent a reorganisation on 27th March, 2000 which involved the followings:

- (a) The Company acquired the entire issued share capital of DIGITALHONGKONG.COM INC., DIGITAL COMMERCE LIMITED and Digital Hong Kong Limited from two subsidiaries of Champion and issued 100 shares to Champion as consideration thereof; and
- (b) The Company acquired from Champion the benefits of a shareholder's loan in the total sum of HK\$7,640,000 advanced to Digital Hong Kong Limited and issued 999,899 shares to Champion as consideration thereof.

The shares of the Company were listed on the GEM of the Stock Exchange on 17th April, 2000.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, these financial statements of the Group have been prepared on the merger accounting basis as if the Company had always been the holding company of the Group.

Details of the Group Reorganisation are set out in the paragraph headed "Corporate reorganisation" in Appendix III of the prospectus issued by the Company dated 5th April, 2000.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30th June each year.

1. 集團重組及財務報告之編製基準

本公司於二零零零年一月二十七日在開曼群島根據開曼群島經修訂公司法註冊成立為獲豁免有限公司，其最終控股公司為冠軍科技集團有限公司（「冠軍」）。冠軍為於開曼群島註冊成立之公司，其股份在香港聯合交易所有限公司（「聯交所」）上市。

本公司為一間投資控股公司，其附屬公司之主要業務為成立及提供安全電子付款程序平台。

根據一系列精簡本集團架構以籌備本公司股份在創業板市場（「創業板」）上市之重組步驟（「重組計劃」），本公司於二零零零年二月二十七日成為本集團之控股公司。

本集團旗下各公司於二零零零年三月二十七日曾進行重組，重組計劃涉及下列各項：

- (a) 本公司向冠軍之兩間附屬公司收購DIGITALHONGKONG.COM INC.、DIGITAL COMMERCE LIMITED及數碼香港有限公司之全部已發行股本及向冠軍發行100股股份作為此項交易之代價；及
- (b) 本公司向冠軍收購墊支予數碼香港有限公司總額為7,640,000港元之股東貸款之利益及發行999,899股股份予冠軍作為此項交易之代價。

本公司之股份於二零零零年四月十七日在聯交所創業板上市。

經集團重組後之本集團被視為一個持續經營實體。因此，本集團之財務報告已按合併會計基準編製，猶如本公司一直為本集團之控股公司一樣。

集團重組之詳情載於本公司於二零零零年四月五日刊發之招股章程中之附錄三內「公司重組」一段。

2. 重要會計政策

財務報告乃根據原始成本準則及按香港普遍採納之會計原則編製。所採納之主要會計政策載述如下：

綜合基準

綜合財務報告包括本公司及其附屬公司截至每年六月三十日止之財務報告。

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of consolidation – Continued

The consolidated financial statements incorporate the effects of the Group Reorganisation and the reorganisation has been accounted for by using merger accounting.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances between group companies are eliminated on consolidation.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are stated at carrying value, as reduced by any decline in the value of the subsidiary that is other than temporary. Results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable during the year.

Revenue recognition

Service income is recognised when the services are rendered.

Goodwill and capital reserve

Goodwill or capital reserve arising on acquisition of a subsidiary represents respectively the excess or shortfall of the purchase consideration over the Group's share of the fair value ascribed to the separable net assets of the subsidiary at the date of acquisition. Goodwill or capital reserve is written off or credited directly to reserves respectively in the year of acquisition.

On disposal of a subsidiary, the attributable amount of goodwill or capital reserve previously written off against or credited to reserves is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of the property, plant and equipment.

2. 重要會計政策 – 續

綜合基準 – 續

綜合財務報告載列了集團重組之影響及已利用合併會計方法處理重組。

年內收購或出售之附屬公司之業績由該等公司之收購生效日起，計入綜合收益表內或計至出售生效日期。

本集團內公司間之一切重大交易及結餘已於綜合帳目時對銷。

於附屬公司之投資

附屬公司乃指本公司持有其50%以上已發行股本或控股其50%以上投票權或本公司控制其董事會或相當管治機構之組成之公司。

於附屬公司之投資乃按帳面值列帳，並已減去該附屬公司之任何非暫時性減值。本公司按年內已收或應收之股息基準為附屬公司之業績入賬。

收入之確認

服務收入乃於服務已提供時確認。

商譽及資本儲備

因收購附屬公司而產生之商譽或資本儲備分別代表購買代價高於或低於本集團攤佔該附屬公司之可分離淨資產於收購日期之公平價值之數。商譽或資本儲備乃於進行收購之年度分別直接自儲備撇銷或撥入儲備。

於出售附屬公司時，過往自儲備撇銷或撥入儲備之應計商譽或資本儲備均計入出售損益內。

物業、機器與設備

物業、機器與設備乃按成本值減除折舊後列帳。資產之成本包括其購買價及令資產達至營運狀況及送往某地點作擬定用途之任何直接應佔成本。於物業、機器與設備有關投入服務後所產生之開支，例如維修及保養及大型檢修之費用通常於產生期間之收益表內扣除。倘能清晰地顯示有關開支能提高該物業、機器與設備在使用時所帶來之未來經濟效益，其開支即會轉作物業、機器與設備之額外成本。

NOTES TO THE FINANCIAL STATEMENTS 財務報告附註

FOR THE YEAR ENDED 30TH JUNE, 2000 截至二零零零年六月三十日止年度

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

Property, plant and equipment – Continued

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at 20% to 33⅓% per annum.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Research and development costs

Research costs are charged to the income statement in the year in which they are incurred. Development costs are charged to the income statement in the year in which it is incurred except where a major project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activity. Such development costs are deferred and written off over the life of the project from the date of commencement of commercial operation subject to a maximum of five years.

Foreign currencies

Transactions in foreign currencies are translated at the approximate rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

3. TURNOVER

Turnover represents the amounts received and receivable for services rendered in establishing and providing secured electronic payment processing platform.

4. OTHER REVENUE

Other revenue represents interest earned on bank deposits.

2. 重要會計政策 – 續

物業、機器與設備 – 續

綜合財務報告載列了集團重組之影響及已利用合併會計方法處於資產出售或報銷時之收益或虧損乃按銷售所得款項與資產之面值之差額釐定，並於收益表內予以確認。

倘資產可收回數額減至低於其帳面值，則該帳面值須予削減以反映價值之削減。在釐訂資產之可收回數額時，預期現金流量將不會折現至其現值。

物業、機器與設備之成本值以直線法折舊，按其估計可使用年期予以撇銷，每年之折舊率為20%至33⅓%。

稅項

稅項支出乃根據各年度業績計算，並已扣除毋須課稅或不獲寬減稅項之項目計算。由於若干收支項目就稅務目的確認與在財務報告確認之會計期間有所不同，因而產生時差。以負債法計算之時差稅務影響在財務報告上列作遞延稅項，惟僅以可於可預見將來實現之負債或資產為限。

研究及發展成本

研究費用於支銷之年內列入收益表。開發費用於支銷之年內列入收益表，除非該年度內正進行一項重大計劃，且有理由預期開發成本將透過未來之商業活動得以收回。該等開發成本將由展開商業活動之日起計，按該項計劃之年期遞延及註銷，為期最長五年。

外幣

以外幣進行之交易均按交易日期之概約匯率折算。以外幣訂值之貨幣資產及負債均按結算日之匯率重新折算。匯兌盈虧概撥入收益表中處理。

3. 營業額

營業額乃指成立及提供安全電子付款程序平台服務之已收及應收款項。

4. 其他收入

其他收入乃指從銀行存款所賺取之利息。

5. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:

Auditors' remuneration
Depreciation

6. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' Emoluments
Independent non-executive directors
Fees
Executive directors
Salaries and other benefits
Total directors' emoluments

The three executive directors received individual emoluments for the year ended 30th June, 2000 of HK\$30,000, HK\$210,000 and HK\$150,000. The two independent non-executive directors received directors' fees for the year ended 30th June, 2000 of HK\$12,500 each. No independent non-executive director received other emoluments for the period ended 30th June, 2000.

Employees' Emoluments

During the year, the five highest paid individuals did not include any director of the Company. The emoluments of those five (1999: one) individuals were as follows:

Salaries and other benefits

Emoluments of the employees were within the following band:

Nil – HK\$1,000,000

* The Group had only one employee during the year ended 30th June, 1999.

5. 經營虧損

經營虧損已扣除:

核數師酬金
折舊

6. 董事酬金及僱員酬金

董事酬金
獨立非執行董事
袍金
執行董事
薪金及其他福利
董事酬金總額

三名執行董事於截至二零零零年六月三十日止年度各自已收取之酬金分別為30,000港元、210,000港元及150,000港元。兩名獨立非執行董事於截至二零零零年六月三十日止期間各自已收取12,500港元之董事袍金。並無任何獨立非執行董事於截至二零零零年六月三十日止期間收取任何其他酬金。

僱員酬金

於本年度內，五名最高薪人士並不包括任何本公司董事在內。該五名（一九九九年：一名）人士之酬金詳情如下：

	2000 二零零零年 HK\$'000 千港元 (Note 1) (附註 1)	1999 一九九九年 HK\$'000 千港元 (Note 1) (附註 1)
薪金及其他福利	1,618	4

**Number of employee(s)
僱員人數**

	2000 二零零零年	1999 一九九九年
僱員之酬金介乎下列範圍:		
無 – 1,000,000港元	5	1*

* 本集團於截至一九九九年六月三十日止年度只有三名僱員。

NOTES TO THE FINANCIAL STATEMENTS 財務報告附註

FOR THE YEAR ENDED 30TH JUNE, 2000 截至二零零零年六月三十日止年度

7. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group incurred tax losses for the year.

Details of unrecognised deferred taxation are set out in note 17.

8. NET LOSS FOR THE YEAR

Of the Group's net loss for the year, a loss of HK\$707,000 has been dealt with in the financial statements of the Company.

9. LOSS PER SHARE

The calculation of the loss per share is based on the net loss for the year of HK\$9,262,000 (1999: HK\$2,609,000) and on the weighted average of 130,170,492 shares in issue throughout the year (1999: 124,800,000 shares) on the assumption that the 124,800,000 shares issued to Champion had been in issue throughout both years.

10. PROPERTY, PLANT AND EQUIPMENT

7. 稅項

由於本集團於本年度錄得稅項虧損，故並無作出香港利得稅撥備。

未確認遞延稅項之詳情載於附註17。

8. 本年度淨虧損

在本集團於本年度之淨虧損中，其中707,000港元虧損已列入本公司之財務報告中。

9. 每股虧損

每股虧損乃按本年度之淨虧損9,262,000港元（一九九九年：2,609,000港元）及年內已發行股份加權平均數130,170,492股（一九九九年：124,800,000股）計算，並假設發行予冠軍之124,800,000股股份於兩個年度已予以發行。

10. 物業、機器與設備

		Computer system and equipment 電腦系統及設備 HK\$'000 千港元
THE GROUP	本集團	
COST	成本	
At 1st July, 1999	於一九九九年七月一日	114
Additions	添置	518
At 30th June, 2000	於二零零零年六月三十日	632
DEPRECIATION	折舊	
At 1st July, 1999	於一九九九年七月一日	7
Provided for the year	本年度撥備	110
At 30th June, 2000	於二零零零年六月三十日	117
NET BOOK VALUES	帳面淨值	
At 30th June, 2000	於二零零零年六月三十日	515
At 30th June, 1999	於一九九九年六月三十日	107
The Company did not have any plant and equipment at the balance sheet date.		於結算日，本公司並無任何機器及設備。

11. INVESTMENTS IN SUBSIDIARIES

Unlisted shares

非上市股份

The carrying value of investment in subsidiaries reflects the underlying net asset values of the subsidiaries at the date of the acquisition.

11. 於附屬公司之投資

於附屬公司之投資之帳面值反映各附屬公司於收購日期之基本資產值。

THE COMPANY
本公司
HK\$'000
千港元

2,071

11. INVESTMENTS IN SUBSIDIARIES – Continued

Details of the Company's subsidiaries, all of which are held directly by the Company at 30th June, 2000, are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid share capital 已發行及繳足股本	Attributable equity interest of the Group 本集團應佔股本權益	Principal activity
附屬公司名稱	註冊成立地點			主要業務
DIGITALHONGKONG.COM INC.	British Virgin Islands 英屬處女群島	US\$1 1 美元	100%	Provision of an e-Commerce platform for payment process for global business 為全球公司提供電子商貿付款程序平台
DIGITAL COMMERCE LIMITED	Hong Kong 香港	HK\$2 2 港元	100%	Development of e-Commerce platform and evaluation of e-Commerce opportunities 開發電子商貿平台及評估電子商貿商機
Digital Hong Kong Limited 數碼香港有限公司	Hong Kong 香港	HK\$2 2 港元	100%	Provision of an e-Commerce platform for payment process for retail customers and e-malls based in Hong Kong 為香港之零售客戶及電子郵件提供電子商貿平台

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

11. 於附屬公司之投資 – 續

以下為本公司各附屬公司之詳細資料，彼等均於二零零零年六月三十日由本公司直接持有：

於本年度結束時及於年內任何時間，各附屬公司概無任何尚未行使之債務證券。

12. AMOUNT(S) DUE FROM A FELLOW SUBSIDIARY/ SUBSIDIARIES

The amount(s) due was/were unsecured, non-interest bearing and had no fixed terms of repayment.

12. 應收一間或多間同系附屬公司之款項

該(等)款項乃無抵押、不附息及並無固定還款期。

13. DEPOSITS, BANK BALANCES AND CASH

13. 存款、銀行結餘及現金

		THE GROUP 本集團		THE COMPANY 本公司
		2000 二零零零年 HK\$'000 千港元	1999 一九九九年 HK\$'000 千港元 (Note 1)	2000 二零零零年 HK\$'000 千港元
Interest bearing deposits	附息存款	5,385	–	5,385
Bank balances and cash	銀行結餘及現金	13,300	–	10,087
		<u>18,685</u>	<u>–</u>	<u>15,472</u>

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14. SHARE CAPITAL

14. 股本

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Shares of HK\$0.10 each	每股面值0.10港元之股份		
AUTHORISED:	法定:		
On incorporation	於註冊成立時	1,000,000	100
Increase in authorised share capital	增加法定股本	799,000,000	79,900
At 30th June, 2000	於二零零零年六月三十日	<u>800,000,000</u>	<u>80,000</u>
ISSUED AND FULLY PAID:	已發行及繳足:		
Issue of a subscriber's share	發行認購人股份	1	-
Issue of shares upon the Group Reorganisation	因集團重組發行股份	999,999	100
Placing of shares to professional and institutional investors	向專業及機構投資者配售股份	25,200,000	2,520
Issue of shares by capitalisation of share premium	藉資本化股份溢價發行股份	123,800,000	12,380
At 30th June, 2000	於二零零零年六月三十日	<u>150,000,000</u>	<u>15,000</u>

(a) The Company was incorporated as an exempted company in the Cayman Islands under the Companies Law on 27th January, 2000 with an authorised share capital of HK\$100,000 divided into 1,000,000 shares, one share of which was issued for cash at par on 27th January, 2000.

(b) Pursuant to the written resolutions passed by the sole shareholder of the Company on 27th March, 2000, the authorised share capital of the Company was increased from HK\$100,000 to HK\$80,000,000 by the creation of an additional 799,000,000 shares.

(c) By written resolutions of the sole shareholder of the Company dated 27th March, 2000, the directors were authorised to allot and issue an aggregate of 999,999 shares, credited as fully paid, to Champion as consideration for the acquisition of (i) the entire issued share capital of DIGITALHONGKONG.COM INC., DIGITAL COMMERCE LIMITED and Digital Hong Kong Limited from KTT (Cook Islands) Limited and Champion (Cook Islands) Limited and (ii) the benefits of shareholder's loan in the total sum of HK\$7,640,000 advanced by Champion to Digital Hong Kong Limited.

(d) Subject to certain conditions which were subsequently fulfilled, by means of placing of new shares to professional and institutional investors, the Company issued 25,200,000 new ordinary shares of HK\$0.10 each at a price of HK\$1.20 per share on 14th April, 2000.

(e) On 14th April, 2000, the Company issued 123,800,000 shares of HK\$0.10 each in the Company to the then existing shareholders on the register of members at the close of business on 27th March, 2000 in proportion to their then existing shareholdings in the Company by capitalising the Company's share premium account.

(a) 本公司於二零零零年一月二十七日在開曼群島根據公司法註冊成立為獲豁免公司，法定股本為100,000港元，分為1,000,000股股份，其中一股股份於二零零零年一月二十七日以現金按面值發行。

(b) 根據本公司唯一股東於二零零零年三月二十七日通過之書面決議案，藉額外設立799,000,000股股份，本公司之法定股本由100,000港元增至80,000,000港元。

(c) 根據本公司唯一股東於二零零零年三月二十七日通過之書面決議案，董事獲授權向冠軍配發及發行合共999,000股入帳列作繳足股份，作為向(i)KTT (Cook Islands) Limited及Champion (Cook Islands) Limited收購DIGITALHONGKONG.COM INC.、DIGITAL COMMERCE LIMITED及數碼香港有限公司全部已發行股本；及(ii)收購冠軍墊支予數碼香港有限公司總額為7,640,000港元之股東貸款之利益之代價。

(d) 在若干於其後達成之條件限制下，鑑於配售新股份予專業及機構投資者，本公司於二零零零年四月十四日按每股1.20港元之價格發行25,200,000股每股面值0.10港元之新普通股。

(e) 於二零零零年四月十四日，本公司藉資本化股份溢價帳，向於二零零零年三月二十七日營業時間結束時，名列本公司股東名冊之現有股東按彼等當時之持股比例，發行123,800,000股每股面值0.10港元之本公司股份。

14. SHARE CAPITAL – Continued

The Company intends to use the net proceeds from the new issue of shares to finance the Group's development of payment platform so as to enhance its e-Commerce operations, marketing and promotion activities and general working capital requirements.

All the shares which were issued during the period rank pari passu with the then existing shares in all respects.

The amount of share capital at 30th June, 1999 represented the aggregate of the share capitals of the subsidiaries immediately before the Group Reorganisation.

15. SHARE OPTION SCHEME

The share option scheme is subject to the approval of the shareholders of Champion in general meeting.

Pursuant to the Company's share option scheme (the "Share Option Scheme"), the Company may grant options to executive directors and employees of the Company or its subsidiaries to subscribe for shares in the Company without initial payment at a subscription price. Options granted are exercisable at any time during a period as may be determined by the directors, which shall be not less than three years and not more than 10 years from the date of issue of the relevant options. The subscription price (subject to adjustments as provided therein) is equal to the higher of (i) the nominal value of the shares; (ii) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not exceed 10% of the share capital of the Company in issue from time to time (except (i) shares issued pursuant to the Share Option Scheme and (ii) any pro rata entitlements to further shares issued in respect of those shares mentioned in (i) during the period of the Share Option Scheme) and the maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the maximum number of shares in respect of which options may be granted under the Share Option Scheme.

No option was granted by the Company under the Share Option Scheme since its adoption.

14. 股本一續

本公司擬將發行新股所得款項淨額用於融資本集團所開發之付款平台，以增強其電子商貿業務、銷售及推廣活動，以及將之用作一般營運資金。

所有於期內發行之股份在所有方面與當時之已發行股份享有同等權益。

於一九九九年六月三十日之股本金額為各附屬公司於緊接集團重組前之股本總額。

15. 購股權計劃

購股權計劃須待冠軍之股東在股東週年大會上批准後方可作實。

根據本公司之購股權計劃（「購股權計劃」），本公司可向本公司或其附屬公司之執行董事及僱員授出購股權，以認購本公司之股份，並毋須支付初步認購價。獲授之購股權可於董事決定之期間內隨時行使，惟該期間必須為有關購股權授出日期起計三年後但十年內。認購價（可按該計劃之規定予以調整）為：(i) 股份面值；(ii) 股份於購股權授出當日（必須為營業日）在聯交所每日報價表上所列明之每股收市價；及(iii) 股份於緊接購股權授出日期前五個交易日在聯交所每日報價表上所列明之每股平均收市價（以較高者為準）。根據購股權計劃授出之購股權可認購股份之最高數目，不得超過本公司不時已發行股本(i) 根據購股權計劃發行之股份及(ii) 於購股權計劃期間，就(i)所述之該等股份已發行額外股份之按比例權益除外）10%，而授予任何一名僱員之購股權可認購股份之最高數目，不得超過根據購股權計劃授出之有關購股權所涉及股份最高數目之25%。

自購股權計劃獲採納以來，本公司並無根據購股權計劃授出任何購股權。

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FOR THE YEAR ENDED 30TH JUNE, 2000 截至二零零零年六月三十日止年度

16. RESERVES

16. 儲備

		Special reserve 特別儲備 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總額 HK\$'000 千港元
THE GROUP	本集團					
At 1st July, 1998	於一九九八年七月一日	—	—	—	(112)	(112)
Net loss for the year	本年度淨虧損	—	—	—	(2,609)	(2,609)
At 30th June, 1999	於一九九九年六月三十日	—	—	—	(2,721)	(2,721)
Surplus arising on Group Reorganisation set out in note 1	附註1所載集團重組所 產生之盈餘	—	7,540	—	—	7,540
Premium arising on issue of shares	發行股份所產生之溢價	—	—	27,720	—	27,720
Capitalisation issue	資本化發行	—	—	(12,380)	—	(12,380)
Expenses incurred in connection with the issue of shares	發行股份之 費用	—	—	(6,879)	—	(6,879)
Net loss for the year	本年度淨虧損	—	—	—	(9,262)	(9,262)
At 30th June, 2000	於二零零零年六月三十日	—	7,540	8,461	(11,983)	4,018
THE COMPANY	本公司					
Surplus arising on Group Reorganisation set out in note 1	附註1所載集團重組所 產生之盈餘	1,971	—	—	—	1,971
Premium arising on issue of shares	發行股份所產生之溢價	—	—	27,720	—	27,720
Capitalisation issue	資本化發行	—	—	(12,380)	—	(12,380)
Expenses incurred in connection with the issue of shares	發行股份之 費用	—	—	(6,879)	—	(6,879)
Net loss for the period	本年度淨虧損	—	—	—	(707)	(707)
At 30th June, 2000	於二零零零年六月三十日	1,971	—	8,461	(707)	9,725

The special reserve represents the difference between the book values of the underlying net assets of DIGITALHONGKONG.COM INC., DIGITAL COMMERCE LIMITED and Digital Hong Kong Limited at the date on which the shares of these companies were acquired by the Company together with the acquisition of a shareholder's loan of HK\$7,640,000, and the nominal amount of the Company's shares issued for the acquisition. The special reserve is available for distribution under the Companies Law (Revised) of the Cayman Islands.

特別儲備乃指於本公司收購DIGITALHONGKONG.COM INC.、DIGITAL COMMERCE LIMITED及數碼香港有限公司股份當日，該等公司之基本資產帳面淨值連同所收購之股東貸款7,640,000港元，與就此項收購而發行之本公司股份面值兩者間之差額。根據開曼群島經修訂公司法，特別儲備可供份派之用。

17. NET UNRECOGNISED DEFERRED TAX ASSETS

17. 未確認遞延稅項資產淨值

		THE GROUP 本集團	
		2000 二零零零年 HK\$'000 千港元	1999 一九九九年 HK\$'000 千港元 (Note 1) (附註 1)
At beginning of the year	年初	418	18
Credit for the year	本年度撥回	1,417	400
At end of year	年終	<u>1,835</u>	<u>418</u>

At the balance sheet date, the net unrecognised deferred tax asset represented principally the tax effect of timing differences attributable to tax losses available to offset future assessable profits and the timing differences attributable to the excess of accounting depreciation charged in the financial statements over depreciation allowances claimed for tax purposes. The net deferred tax asset has not been recognised as it is not certain that the tax benefit will be realised in the foreseeable future.

於結算日，未確認遞延稅項資產淨值主要指可供抵銷未來應課稅溢利之稅項虧損之時差所引起之稅務影響及在有關財務報告內扣除之超額會計折舊額與因計算稅項而扣減之折舊免稅額兩者之時差。由於未能確定有關稅項利益將在可見未來變現，故並無確認遞延稅項資產淨值。

The Company had no significant unrecognised deferred tax for the period or at the balance sheet date.

於期內或於結算日，本公司並無任何重大未確認遞延稅項。

18. RECONCILIATION OF NET LOSS FOR THE YEAR TO NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES

18. 本年度虧損淨額與經營業務之(所耗)所得現金淨額對帳表

		2000 二零零零年 HK\$'000 千港元 (Note 1) (附註 1)	1999 一九九九年 HK\$'000 千港元 (Note 1) (附註 1)
Net loss for the year	本年度淨虧損	(9,262)	(2,609)
Interest income	利息收入	(270)	—
Depreciation	折舊	110	7
Increase in trade and other receivables	貿易及其他應收款項增加	(1,071)	—
Increase in deposits and prepayments	按金及預付款項增加	(2)	(8)
Increase in amount due from a fellow subsidiary	應收一間同系附屬公司之款項增加	(131)	—
Increase in trade and other payables	貿易及其他應付款項增加	1,389	5
(Decrease) increase in amounts due to fellow subsidiaries	應付同系附屬公司之款項(減少)增加	(2,831)	2,719
Net cash (outflow) inflow from operating activities	經營業務(所耗)所得現金淨額	<u>(12,068)</u>	<u>114</u>

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FOR THE YEAR ENDED 30TH JUNE, 2000 截至二零零零年六月三十日止年度

19. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

19. 年內融資變動分析

		Share capital and share premium	Amounts due from ultimate holding company and fellow subsidiaries
		股本及股份溢價	應收最終控股公司 及同系附屬公司款項
		HK\$'000 千港元	HK\$'000 千港元
At 1st July, 1998 and 30th June, 1999	於一九九八年七月一日及 一九九九年六月三十日	-	-
Issue of shares upon Group Reorganisation (Note 20)	因集團重組而發行股份(附註20)	100	-
Issue of shares to professional and institutional investors	發行股份予專業及機構投資者	30,240	-
Expenses incurred for the issue of shares	發行股份之費用	(6,879)	-
Net cash inflow during the year	年內所得現金淨額	-	7,640
Decrease during the year (Note 20)	年內減少(附註20)	-	(7,640)
At 30th June, 2000	於二零零零年六月三十日	<u>23,461</u>	<u>-</u>

20. MAJOR NON-CASH TRANSACTIONS

20. 主要非現金交易

The Company issued 999,999 shares with a nominal value of approximately HK\$100,000 to acquire the entire issued share capital of DIGITALHONGKONG.COM INC., DIGITAL COMMERCE LIMITED and Digital Hong Kong Limited and the benefits of a shareholder's loan of HK\$7,640,000 (see Group Reorganisation as set out in note 1).

本公司就收購 DIGITALHONGKONG.COM INC.、DIGITAL COMMERCE LIMITED及數碼香港有限公司之全部已發行股本及總額為7,640,000港元之股東貸款之利益(詳見附註1所載「集團重組」),發行了999,999股股份(面值約為100,000港元)。

21. CAPITAL COMMITMENTS

21. 資本承擔

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements

購置物業、機器及設備之已訂約但未在財務報告中撥備之資本開支

Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for

購置物業、機器及設備之已授權但未訂約資本開支

THE GROUP AND THE COMPANY 本集團及本公司

2000 二零零零年 HK\$'000 千港元	1999 一九九九年 HK\$'000 千港元 (Note 1) (附註1)
-	-
<u>1,000</u>	<u>-</u>

22. RELATED PARTY DISCLOSURES

During the year, the Group had the following transactions with related parties:

		Notes 附註	2000 二零零零年 HK\$'000 千港元 (Note 1) (附註 1)	1999 一九九九年 HK\$'000 千港元 (Note 1) (附註 1)
Registration fee and annual fees received from a fellow subsidiary	自一間同系附屬公司收取之登記費及年費	(a)	2,142	—
Administration fees paid to ultimate holding company	支付予最終控股公司之管理費用	(b)	750	—
Administration fees paid to a fellow subsidiary	支付予一間同系附屬公司之管理費用	(b)	2,250	2,400

Notes:

- (a) The service income was charged with reference to comparable market prices as determined by the directors of the Company.
- (b) The administration fees were charged at a monthly fee of HK\$250,000 pursuant to a management agreement entered into between the Company and Champion.

附註:

- (a) 服務收入乃由本公司董事經參考可資比較之市場價格後釐定。
- (b) 管理費用乃根據本公司及冠軍訂立之管理協議收取，月費為250,000港元。

Details of the balance with a fellow subsidiary, which was principally arising from the usual course of business, are set out in note 12.

與一間同系附屬公司之結餘詳情載於附註12。該等結餘主要在日常業務程序中產生。

22. 有關連人士交易披露

年度，本集團曾與有關連人士進行下列交易：

FINANCIAL SUMMARY 財務摘要

		Year ended 30th June, 截至六月三十日止年度		
		1998 九九八年 HK\$'000 千港元	1999 一九九九年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
RESULTS	業績			
Turnover	營業額	-	-	3,213
Other revenue	其他收入	-	-	270
Operating costs	經營成本			
Acquired technology written off	購入技術撇帳	-	-	(4,674)
Staff costs	僱員成本	-	(4)	(3,867)
Administrative expenses	行政費用	(24)	(2,400)	(3,000)
Others	其他	-	(205)	(1,204)
Loss for the year	本年度虧損	(24)	(2,609)	(9,262)

Notes:

- The results for each of the three years ended 30th June, 2000 have been prepared on a combined basis as if the group structure immediately after the Group Reorganisation had been in existence since 1st July, 1997.
- The Company was incorporated in the Cayman Islands on 27th January, 2000. Accordingly, the only balance sheet for the Group that has been prepared is that set out on page 15 of the annual report.

附註:

- 截至二零零零年六月三十日止三個年度各年之業績乃按合併基準編製，猶如緊隨集團重組後之集團架構自一九九七年七月一日起已一直存在。
- 本公司於二零零零年一月二十七日在開曼群島註冊成立。因此，本公司僅編製了載於年報第15頁之資產負債表。