



DigitalHongKong.com

(Stock Code: 8007)

ABOUT DIGITALHONGKONG.COM (STOCK CODE: 8007)

DIGITALHONGKONG.COM (“Digital HK”) was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Exchange”) in April 2000. Started as a commerce service provider (CSP) that specialised in providing outsourcing services for online commerce, Digital HK has strategically positioned itself to integrate both online and offline assets, as well as to engage in selected technology investments and distribution of branded technology products and solutions.

Digital HK and its subsidiaries now operate the following complementary lines of business:

- provision of Internet and e-commerce enabling solutions
- provision of IT consulting and technical services
- strategic investments in selected technologies and applications

Digital HK is a subsidiary of Champion Technology Holdings Limited, a communications software development group which is listed on the Main Board of the Exchange.

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE 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 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.



DIGITALHONGKONG.COM

(incorporated in the Cayman Islands with limited liability)

FIRST QUARTER REPORT For the three months ended 30 September 2007

Summary

The Group's unaudited loss for the three months ended 30 September 2007 was HK\$16,000, compared with a profit of HK\$292,000 for the corresponding period of last year. No interim dividend is recommended for the period.

The Group's financial position remains healthy with no bank borrowings.

Quarterly Results for the Three Months Ended 30 September 2007 (Unaudited)

The board of directors (the "Board") of DIGITALHONGKONG.COM (the "Company" or "Digital HK") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30 September 2007 with the comparative unaudited figures for the corresponding period in 2006 as follows:

		Three months ended 30 September	
	Notes	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Turnover			
Service income		1,205	1,401
Other income		146	47
Acquired technology expensed		(20)	(20)
General and administrative expenses		(475)	(431)
Depreciation and amortisation		(2)	(1)
Marketing and promotion expenses		(57)	(56)
Staff costs		(813)	(648)
		<hr/>	<hr/>
(Loss) profit before taxation		(16)	292
Taxation	(2)	-	-
		<hr/>	<hr/>
(Loss) profit for the period attributable to equity holders of the Company		(16)	292
		<hr/> <hr/>	<hr/> <hr/>
(Loss) earnings per share - basic	(3)	HK(0.011) cents	HK0.195 cents



Notes:

1. Basis of preparation

The unaudited consolidated results of the Group have been prepared on the historical cost basis and in accordance with the Hong Kong Financial Reporting Standards and the Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 30 June 2007.

2. Taxation

No provision for Hong Kong Profits Tax has been made as the estimated assessable profit for the periods was wholly absorbed by tax losses carried forward.

3. (Loss) earnings per share

The calculation of the (loss) earnings per share is based on the unaudited loss for the period of HK\$16,000 (2006: unaudited profit of HK\$292,000) and on the number of 150,000,000 (2006: 150,000,000) shares in issue throughout the period.

No diluted earnings per share has been presented as there was not in issue any securities with potential dilutive effect in the relevant periods.

4. Movement of reserves

	Attributable to equity holders of the Company			
	Capital reserve <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2006	7,540	8,461	(12,072)	3,929
Profit for the period	—	—	292	292
At 30 September 2006	<u>7,540</u>	<u>8,461</u>	<u>(11,780)</u>	<u>4,221</u>
At 1 July 2007	7,540	8,461	(12,084)	3,917
Loss for the period	—	—	(16)	(16)
At 30 September 2007	<u><u>7,540</u></u>	<u><u>8,461</u></u>	<u><u>(12,100)</u></u>	<u><u>3,901</u></u>



Dividend

The Board does not recommend the payment of an interim dividend for the quarter ended 30 September 2007 (2006: Nil).

Financial and Business Review

The Group's business remained stable with a continued focus on providing customised e-commerce solutions and services. Service fees derived from its technical solutions and consultation on e-commerce integration remained the primary source of income for the Group.

For the three-month period ended 30 September 2007, the Group recorded a turnover of HK\$1,205,000, compared with HK\$1,401,000 of the corresponding period of previous year. Loss for the quarter was HK\$16,000, compared with a profit of HK\$292,000 for the same period of last year. Loss per share was HK0.011 cents. Total operating costs increased 18 percent to HK\$1,367,000 from HK\$1,156,000 in the previous corresponding period, mainly due to an increase in staff costs of approximately 25 percent to HK\$813,000 amidst a strengthening economy. The Group's financial position remained liquid and healthy, and did not have any bank borrowings. It financed its operations primarily with internally generated cashflows.

The Group's strategic investment in a healthcare project in relation to curative remedies and healing therapy continued, but its performance has not been hitting its financial targets, and the project company requires more time to research and enhance its technology and solutions. In August, our UK partner in a telehealth project set up a demonstration system in Hong Kong to test the use of electronic health tools and remote monitoring systems for distant diagnostics. Development work continued. Management will continue to monitor the progress of the Group's investment portfolio.

Outlook

The Group will continue to manage its expenses while prudently invest in potential investment projects or businesses in order to create value for the Group and its shareholders. With a healthy balance sheet, it is well-positioned to make the necessary investments as and when opportunities arise.



Directors' Interests and Short Positions in Securities

As at 30 September 2007, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Exchange (the "GEM Listing Rules") were as follows:

Long position:

Name of director	Capacity	Number of shares	Percentage of the issued share capital	Number of warrants
<i>Securities of the Company</i>				
Mr. Paul Kan Man Lok	Corporate interest	Note 1	79.98%	-
<i>Securities of Champion Technology Holdings Limited ("Champion", the Company's ultimate holding company)</i>				
Mr. Paul Kan Man Lok	Corporate interest	Note 2	28.99%	Note 2
<i>Securities of Kantone Holdings Limited ("Kantone", a subsidiary of Champion)</i>				
Mr. Paul Kan Man Lok	Corporate interest	Note 3	64.73%	-

Notes:

- 117,300,000 shares were held by Champion and 2,669,171 shares were held by Lawnside International Limited ("Lawnside"). Lawnside is beneficially wholly owned by Mr. Paul Kan Man Lok. As at 30 September 2007, Lawnside had interests in approximately 28.99% of the entire issued share capital of Champion. Mr. Paul Kan Man Lok was deemed to have corporate interest in the shares which were owned by Champion and Lawnside.
- 464,959,494 shares and 89,278,025 units of warrants were held by Lawnside. The warrants were issued by Champion pursuant to a bonus issue effected in March 2007, all of which will expire on 7 March 2008.
- 1,642,268,111 shares were held by Champion and 448,790,629 shares were held by Lawnside.



Save as disclosed above, as at 30 September 2007, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders

As at 30 September 2007, the following person (other than a director or chief executive of the Company disclosed under “Directors’ Interests and Short Positions in Securities” section) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Long/short position	Capacity	Number of shares	Percentage of the issued share capital
Champion	Long	Beneficial owner	117,300,000*	78.20%

* See <Note 1> in the “Directors’ Interests and Short Positions in Securities” section.

Save as disclosed herein, the Company had not been notified of any person, other than a director or chief executive of the Company, having interests or short positions in the shares or underlying shares of the Company, which was recorded in the register required to be kept under section 336 of the SFO as at 30 September 2007.

Competing Interests

None of the directors or the management shareholders and their respective associates of the Company (as defined in the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group nor any other conflicts of interest with the Group during the period under review.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the three months ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.



Audit Committee

The audit committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and this quarterly report.

By order of the Board

Paul KAN Man Lok

Chairman

Hong Kong, 8 November 2007



