



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)

THIRD QUARTER REPORT For the nine months ended 31 March 2008

Summary

The Group's unaudited consolidated loss for the nine months ended 31 March 2008 was HK\$329,000, compared with a loss of HK\$44,000 for the corresponding period of last year. Turnover for the period was HK\$3,724,000, compared with HK\$4,975,000 for the last corresponding period. No interim dividend is recommended for the period.

Quarterly Results for the Nine Months Ended 31 March 2008 (Unaudited)

The board of directors (the "Board") of DIGITALHONGKONG.COM (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31 March 2008 with the comparative unaudited figures for the corresponding periods in 2007 as follows:

| | Notes | Three months ended 31 March | | Nine months ended 31 March | |
|---|-------|-----------------------------|------------------|----------------------------|------------------|
| | | 2008 HK\$'000 | 2007 HK\$'000 | 2008 HK\$'000 | 2007 HK\$'000 |
| Turnover | | | | | |
| Service income | | 1,265 | 1,825 | 3,724 | 4,975 |
| Other income | | 56 | 60 | 318 | 169 |
| Acquired technology expensed | | (19) | (800) | (58) | (839) |
| General and administrative expenses | | (505) | (608) | (1,566) | (1,663) |
| Depreciation | | (3) | (1) | (7) | (1) |
| Impairment loss recognised for interest in an associate | | - | (312) | - | (312) |
| Marketing and promotion expenses | | (55) | (115) | (174) | (230) |
| Staff costs | | (828) | (713) | (2,566) | (2,143) |
| Loss before taxation | | (89) | (664) | (329) | (44) |
| Taxation | (2) | - | - | - | - |
| Loss for the period attributable to equity holders of the Company | | (89) | (664) | (329) | (44) |
| Loss per share – basic | (3) | HK(0.059) cent | HK(0.443) cent | HK(0.219) cent | HK(0.029) cent |



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 per share

The calculation of the loss per share for the three months and nine months ended 31 March 2008 is based on the respective unaudited consolidated loss for the periods of HK\$89,000 and HK\$329,000 (2007: unaudited consolidated loss of HK\$664,000 and HK\$44,000 respectively) and 150,000,000 (2007: 150,000,000) shares in issue throughout the periods.

4. Movement of reserves

| | Attributable to equity holders of the Company | | | |
|-------------------------|--|--------------------------|-------------------------------|---------------------|
| | Capital reserve | Share premium | Accumulated losses | Total |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| At 1 July 2006 | 7,540 | 8,461 | (12,072) | 3,929 |
| Loss for the period | — | — | (44) | (44) |
| At 31 March 2007 | <u>7,540</u> | <u>8,461</u> | <u>(12,116)</u> | <u>3,885</u> |
| At 1 July 2007 | 7,540 | 8,461 | (12,084) | 3,917 |
| Loss for the period | — | — | (329) | (329) |
| At 31 March 2008 | <u>7,540</u> | <u>8,461</u> | <u>(12,413)</u> | <u>3,588</u> |



Dividend

The Board does not recommend the payment of an interim dividend for the quarter ended 31 March 2008 (2007: Nil).

Financial and Business Review

The Group maintained its focus on providing customised e-commerce solutions and services. Service fees derived from its technical solutions and consultation on e-commerce integration were the primary source of income for the Group.

For the nine months ended 31 March 2008, the Group recorded a turnover of HK\$3,724,000, compared with HK\$4,975,000 in the corresponding period of last year. Loss for the period was HK\$329,000, compared with a loss of HK\$44,000 for the last corresponding period. Overall operating costs decreased 15.7 percent to HK\$4,371,000 in the absence of impairment provisions and technology write-off. In spite of the effective control of operating costs, the Group continued to incur loss, attributable primarily to lower turnover as a result of a highly competitive market and the Group's strategy to preserve margins by continuing to focus on customised solutions.

The Group's financial position remained liquid and healthy, and did not have any bank borrowings. It financed its operations with internally generated cashflows.

Outlook

The Group will continue to manage its expenses while prudently seek investment in potential projects in order to create value for the Group and the shareholders of the Company. With a healthy financial position, the Group is well-positioned to make the necessary investments as and when opportunities arise.



Directors' Interests and Short Positions in Securities

As at 31 March 2008, 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 positions:

| Name of director | Capacity | Number of shares | Approximate percentage of 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 | 29.84% | Note 2 |
| <i>Securities of Kantone Holdings Limited ("Kantone", a subsidiary of Champion)</i> | | | | |
| Mr. Paul Kan Man Lok | Corporate interest | Note 3 | 64.20% | Note 3 |

Notes:

- 117,300,000 shares of the Company were held by Champion and 2,669,171 shares of the Company were held by Lawnside International Limited ("Lawnside"). Lawnside is beneficially wholly owned by Mr. Paul Kan Man Lok. As at 31 March 2008, Lawnside had interests in approximately 29.84% of the entire issued share capital of Champion. Mr. Paul Kan Man Lok was deemed to have corporate interest in the securities of the Company owned by Champion and Lawnside.



2. 503,759,494 shares and 100,701,319 units of warrants of Champion were held by Lawnside. The warrants were issued by Champion pursuant to a bonus issue effected in March 2008, all of which will expire on 16 April 2009. The warrants have not been taken into account in calculating the percentage of the issued share capital of Champion held by it.
3. 1,698,510,169 shares and 300,278,027 units of warrants of Kantone were held by Champion while 456,290,629 shares and 82,058,443 units of warrants of Kantone were held by Lawnside. The warrants were issued by Kantone pursuant to a bonus issue effected in December 2007, all of which will expire on 8 January 2009. The warrants have not been taken into account in calculating the percentage of the issued share capital of Kantone held by them.

Save as disclosed above, as at 31 March 2008, 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 Shareholder

As at 31 March 2008, 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 | Long/short position | Capacity | Number of shares | Approximate percentage of issued share capital |
|----------|---------------------|------------------|------------------|--|
| Champion | Long | Beneficial owner | 117,300,000* | 78.20% |

* See Note 1 to 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 31 March 2008.



Competing Interests

None of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates 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 nine months ended 31 March 2008, 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
Shirley HA Suk Ling
Executive Director

Hong Kong, 2 May 2008



