

2008/09 DigitalHongKong.com
third quarter report

ABOUT DIGITALHONGKONG.COM (STOCK CODE: 8007)

DIGITALHONGKONG.COM (“Digital HK”) has been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Exchange”) since 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 businesses, 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, the holding company of a communications software group listed on the Main Board of the Exchange.

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

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

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

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 2009

Summary

The Group's unaudited consolidated loss for the nine months ended 31 March 2009 was HK\$1,239,000, compared with a loss of HK\$329,000 for the previous corresponding period. No interim dividend is recommended for the period.

Quarterly Results for the Nine Months Ended 31 March 2009 (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 2009 with the comparative unaudited figures for the corresponding periods in 2008 as follows:

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Turnover					
Service income		853	1,265	2,681	3,724
Other income		11	56	85	318
Acquired technology expensed		(20)	(19)	(59)	(58)
General and administrative expenses		(488)	(505)	(1,534)	(1,566)
Depreciation		(3)	(3)	(7)	(7)
Marketing and promotion expenses		(54)	(55)	(172)	(174)
Staff costs		(869)	(828)	(2,233)	(2,566)
		<hr/>	<hr/>	<hr/>	<hr/>
Loss before taxation		(570)	(89)	(1,239)	(329)
Taxation	(2)	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Loss for the period attributable to equity holders of the Company		<u>(570)</u>	<u>(89)</u>	<u>(1,239)</u>	<u>(329)</u>
		<hr/>	<hr/>	<hr/>	<hr/>
Loss per share – basic	(3)	<u>HK(0.380) cents</u>	<u>HK(0.059) cents</u>	<u>HK(0.826) cents</u>	<u>HK(0.219) cents</u>

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 2008.

2. Taxation

No provision for Hong Kong Profits Tax has been made for the periods as the estimated assessable profit 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 2009 is based on the respective unaudited consolidated loss for the periods of HK\$570,000 and HK\$1,239,000 (2008: HK\$89,000 and HK\$329,000 respectively) and 150,000,000 (2008: 150,000,000) shares in issue throughout the periods.

4. Movement of reserves

	Attributable to equity holders of the Company			
	Capital reserve HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2007	7,540	8,461	(12,084)	3,917
Loss for the period	–	–	(329)	(329)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	<u>7,540</u>	<u>8,461</u>	<u>(12,413)</u>	<u>3,588</u>
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2008	7,540	8,461	(13,070)	2,931
Loss for the period	–	–	(1,239)	(1,239)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	<u>7,540</u>	<u>8,461</u>	<u>(14,309)</u>	<u>1,692</u>

Dividend

The Board does not recommend the payment of an interim dividend for the quarter ended 31 March 2009 (2008: Nil).

Financial and Business Review

The period under review saw the continued softening of the economy and business climate in the wake of the recession, with customers delaying or scaling back expenditure on IT. The Group's performance continued to be impacted by the generally cautious market sentiment.

For the nine months ended 31 March 2009, the Group recorded a turnover of HK\$2,681,000, compared with HK\$3,724,000 for the previous corresponding period. Loss for the period was HK\$1,239,000, compared with a loss of HK\$329,000 for the last corresponding period. Total operating costs were HK\$4,005,000, compared with HK\$4,371,000 of the previous corresponding period.

The Group's financial position remained positive, and did not have any bank borrowings as at 31 March 2009. It financed its operations primarily by internally generated cashflows.

Outlook

Against economic and market uncertainties that are likely to persist for a protracted period, the Group will adopt a conservative approach in rolling out its business plans. Efforts on cost management and efficiency improvement will continue to be strengthened.

Directors' Interests and Short Positions in Securities

As at 31 March 2009, 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 the directors of the Company 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 the issued share capital	Number of convertible securities
<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	26.17%	Note 2
<i>Securities of Kantone Holdings Limited ("Kantone", a subsidiary of Champion)</i>				
Mr. Paul Kan Man Lok	Corporate interest	Note 3	50.70%	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 2009, Lawnside had interests in approximately 26.17% 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. 520,922,908 shares and 100,701,319 units of warrants of Champion were held by Lawnside. The warrants expired on 16 April 2009. Lawnside also held a HK\$188,553,096.27 convertible redeemable bond of Champion carrying the right to convert the principal amount of the bond or any part thereof into shares of Champion from 19 September 2008 to 19 September 2010 or, at the option of Champion, extended to 19 September 2011 at the conversion price per share of the higher of (i) HK\$1.09; and (ii) the volume-weighted average price of shares of Champion for the 10 dealing days ending on the day immediately preceding the date of a relevant conversion notice multiplied by a factor of 0.8. These warrants and the bond have not been taken into account in calculating the percentage of the issued share capital of Champion held by Lawnside.
3. 2,058,032,333 shares of Kantone were held by Champion. On 23 March 2009, Champion entered into an underwriting agreement with Kantone relating to a rights issue of 1,014,761,471 shares at the subscription price of HK\$0.10 each ("Right Shares"). Champion has undertaken to Kantone (i) to take up and accept its rights entitlement in full in respect of 514,508,083 Rights Shares; and (ii) to underwrite up to 500,253,388 Rights Shares pursuant to the said agreement. The interests in these Rights Shares have not been taken into account in calculating the percentage of the issued share capital of Kantone held by Champion.

Save as disclosed above, 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 (as defined in Part XV of the SFO) as at 31 March 2009 as 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 the directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders

As at 31 March 2009, the following person (other than the directors or chief executive of the Company) had interests or short positions in the share capital or 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	Approximate percentage of the 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 above.

Other than as disclosed above, no person had any interests or short positions in the shares or underlying shares of the Company according to the register required to be kept under Section 336 of the SFO as at 31 March 2009.

Competing Interests

None of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had an interest in a business which competed or might compete with the business of the Group or any other conflict of interests 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 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's 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

Director

Hong Kong, 6 May 2009



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二零零八/零九年第三季季度報告
股份代號：8007