

DIGITALHONGKONG.COM
www.digitalhongkong.com
數碼香港 Stock Code: 8007

Third Quarter Report
2011/12

DIGITAL
HONG KONG 

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 that specialised in providing outsourcing services for online commerce, Digital HK has strategically positioned itself to integrate both online and offline businesses, and to engage in technology investments focusing on industries supported by government policies.

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

- provision of Internet and e-commerce enabling solutions, IT consulting and technical services
- strategic investments in selected technologies and applications
- investment in lifescience and health related projects

Digital HK is a subsidiary of Champion Technology Holdings Limited, a global technology group which is 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.



DIGITALHONGKONG.COM

(incorporated in the Cayman Islands with limited liability)

THIRD QUARTER REPORT For the nine months ended 31 March 2012

Summary

The Group's unaudited consolidated loss for the nine months ended 31 March 2012 was HK\$2,016,000, compared with a loss of HK\$1,872,000 for the last corresponding period. No interim dividend is recommended for the period.

Quarterly Results for the Nine Months Ended 31 March 2012 (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 2012 with comparative unaudited figures for the corresponding periods in 2011 as follows:

Notes	Three months ended 31 March		Nine months ended 31 March	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	776	805	2,250	2,340
Other income	—	1	1	5
General and administrative expenses	(508)	(549)	(1,612)	(1,601)
Marketing and promotion expenses	(75)	(105)	(189)	(249)
Staff costs	(763)	(842)	(2,466)	(2,367)
Loss before taxation	(570)	(690)	(2,016)	(1,872)
Taxation (2)	—	—	—	—
Loss and total comprehensive expense for the period attributable to owners of the Company	(570)	(690)	(2,016)	(1,872)
Loss per share — basic (3)	HK(0.380) cents	HK(0.460) cents	HK(1.344) cents	HK(1.248) 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. Historical cost is generally based on the fair value of the consideration given in exchange for goods. In addition, the unaudited consolidated results include applicable disclosures required by 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 2011.

2. Taxation

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profit in both periods.

3. Loss per share

The calculation of the loss per share for the three months and nine months ended 31 March 2012 is based on the respective unaudited loss for the period attributable to owners of the Company of HK\$570,000 and HK\$2,016,000 (2011: HK\$690,000 and HK\$1,872,000 respectively) and on the number of 150,000,000 (2011: 150,000,000) shares in issue throughout the periods.

4. Movement of reserves

	Attributable to owners of the Company			
	Capital reserve HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2010	7,540	8,461	(17,355)	(1,354)
Loss and total comprehensive expense for the period	—	—	(1,872)	(1,872)
At 31 March 2011	<u>7,540</u>	<u>8,461</u>	<u>(19,227)</u>	<u>(3,226)</u>
At 1 July 2011	7,540	8,461	(19,920)	(3,919)
Loss and total comprehensive expense for the period	—	—	(2,016)	(2,016)
At 31 March 2012	<u>7,540</u>	<u>8,461</u>	<u>(21,936)</u>	<u>(5,935)</u>

Dividend

The Board does not recommend the payment of an interim dividend for the quarter ended 31 March 2012 (2011: Nil).

Financial and Business Review

For the three months and nine months ended 31 March 2012, the Group's revenue amounted to HK\$776,000 and HK\$2,250,000 respectively, compared with HK\$805,000 and HK\$2,340,000 of the corresponding periods in the last financial year. Loss for the nine-month period was HK\$2,016,000, compared with a loss of HK\$1,872,000 for the last corresponding period. Total operating costs for the nine-month period were HK\$4,267,000, compared with HK\$4,217,000 of the previous corresponding period.

Service fees derived from the Group's enabling solutions and technical consultation on e-commerce integration and application customisation remained the primary source of income.

The Group's financial position remained positive, and did not have any bank borrowings as at 31 March 2012. Operation was primarily financed by internally generated cashflows.

Outlook

The Group will continue to manage its expenses while prudently pursue suitable investment opportunities that can expand its income base and generate reliable cashflows. In line with China's national policy to promote its culture industry, which is expected to emerge as a new engine in driving the economy, the Group will leverage its expertise in IT and e-commerce to engage in the promotion and trading of cultural products and related services.

Directors' Interests and Short Positions in Securities

As at 31 March 2012, the interests of the directors of the Company in the shares 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:

Name of director	Capacity	Number of shares	Approximate percentage of the issued share capital
<i>Securities of the Company</i>			
Dr. Paul Kan Man Lok	Corporate interest	Note 1	74.48%
<i>Securities of Champion Technology Holdings Limited ("Champion", the Company's holding company)</i>			
Dr. Paul Kan Man Lok	Corporate interest	Note 2	27.02%
<i>Securities of Kantone Holdings Limited ("Kantone", a subsidiary of Champion)</i>			
Dr. Paul Kan Man Lok	Corporate interest	Note 3	55.02%

Notes:

- 106,050,000 shares of the Company were held by Champion and 5,670,520 shares of the Company were held by Lawnside International Limited ("Lawnside"). Lawnside is beneficially wholly owned by Dr. Paul Kan Man Lok. As at 31 March 2012, Lawnside had interests in approximately 27.02% of the entire issued share capital of Champion. Dr. Paul Kan Man Lok was deemed to have corporate interest in the shares of the Company held by Champion and Lawnside.
- 1,633,282,953 shares of Champion were held by Lawnside.
- 4,125,813,235 shares of Kantone were 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 2012 as recorded in the register required to be kept by the Company under 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 Shareholder

As at 31 March 2012, the following person (other than the directors or chief executive of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares	Percentage of the issued share capital
Champion	Beneficial owner	106,050,000*	70.7%

* See Note 1 to the "Directors' Interests and Short Positions in Securities" Section above.

Save as disclosed above, no person had any interest or short position in the shares or underlying shares of the Company according to the register required to be kept by the Company under Section 336 of the SFO as at 31 March 2012.

Competing Interests

None of the directors, the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective associates had any business or interest which competed or might compete with the business of the Group or had 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 2012, 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, 4 May 2012

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二零一一 / 一二年第三季季度報告
股份代號：8007