

DIGITALHONGKONG.COM

數碼香港

Stock Code: 8007



2014/15
First 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 that specialized in providing outsourcing services for online commerce, Digital HK has strategically positioned itself to integrate both online and offline businesses, to engage in technology investments focusing on industries supported by government policies, and to explore potential business opportunities with strategic investments.

Digital HK and its subsidiaries now operate the following 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
- trading of cultural products and related services

Digital HK was a subsidiary of Champion Technology Holdings Limited, a global technology group listed on the Main Board of the Exchange before 2 September 2014. It is a subsidiary of Global Strategic (Holdings) Group Limited from 2 September 2014 onwards, in which it become the single largest shareholder of Digital HK. With exploration of potential business opportunities, it has been clarified on 7 November 2014 that new commodities trading business will become a new revenue stream in December 2014.

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.



SUMMARY

The Group's unaudited consolidated loss for the three months ended 30 September 2014 was HK\$1,438,000, compared with loss of HK\$685,000 for the last corresponding period. No interim dividend is recommended for the period.

QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED)

The board (the "Board") of directors (the "Directors") of DIGITALHONGKONG.COM (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30 September 2014 with comparative unaudited figures for the corresponding period in 2013 as follows:

		Three months ended	
		30 September	
		2014	2013
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover		682	766
Other income		–	6
General and administrative expenses		(1,267)	(495)
Marketing and promotion expenses		(47)	(46)
Staff costs		(806)	(916)
Loss before taxation		(1,438)	(685)
Taxation	2	–	–
Loss and total comprehensive expense for the period attributable to owners of the Company		(1,438)	(685)
Loss per share – basic	3	HK(0.96) cents	HK(0.46) 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 (the “HKICPA”). 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.

In the current period, the Group has applied a number of amendments issued by the HKICPA that are mandatorily effective for accounting periods beginning on 1 July 2014. The adoption of the amendments in the current period has had no material effect on the unaudited consolidated results of the Group for the current and prior periods.

The Group has not early applied those new and revised standards, amendments and interpretation that have been issued but are not yet effective. The directors of the Company anticipate that the application of the new and revised standards, amendments and interpretation will have no material impact on the unaudited consolidated results of the Group.

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 2014.

2. TAXATION

No provision for Hong Kong Profits Tax has been made since the assessable profit is wholly absorbed by tax losses brought forward for both periods.

3. LOSS PER SHARE

The calculation of the loss per share is based on the unaudited loss for the period attributable to owners of the Company of HK\$1,438,000 (2013: HK\$685,000) and on the number of 150,000,000 (2013: 150,000,000) shares in issue throughout the period.

No diluted loss per share is presented as there were no potential ordinary shares in issue throughout both periods.



4. MOVEMENT OF RESERVES

	Attributable to owners of the Company			
	Capital	Share	Accumulated	Total
	reserve	premium	losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2013 (audited)	7,540	8,461	(25,334)	(9,333)
Loss and total comprehensive expense for the period	–	–	(685)	(685)
At 30 September 2013 (unaudited)	7,540	8,461	(26,019)	(10,018)
At 1 July 2014 (audited)	7,540	8,461	(27,389)	(11,388)
Loss and total comprehensive expense for the period	–	–	(1,438)	(1,438)
At 30 September 2014 (unaudited)	7,540	8,461	(28,827)	(12,826)

DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 September 2014 (2013: Nil).

FINANCIAL AND BUSINESS REVIEW

For the three months ended 30 September 2014, the Group's turnover was HK\$682,000, compared with HK\$766,000 for the corresponding period in the last financial year. Loss for the period was HK\$1,438,000, compared with loss of HK\$685,000 for the last corresponding period. Total operating costs for the period were HK\$2,120,000 compared with HK\$1,457,000 of the previous corresponding period.

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

The Group follows a policy of prudence in managing its working capital. The Group did not have any bank borrowings as at 30 September 2014. Operation was primarily financed by internally generated cashflows.



CHANGE OF CONTROLLING SHAREHOLDER AND MANDATORY UNCONDITIONAL CASH OFFER

On 2 September 2014, Global Strategic (Holding) Group Limited, a company incorporated in Samoa with limited liability, as purchaser (the "Purchaser") and Champion Technology Holdings Limited, a company continued in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 92), as the vendor (the "Vendor") entered into a sale and purchase agreement (the "Agreement"), pursuant to which the Purchaser acquired and the Vendor sold an aggregate of 106,050,000 shares of HK\$0.1 each (the "Shares") in the issued share capital of the Company, representing 70.7% of the issued share capital of the Company, for a total consideration of HK\$169,680,000. Completion of the Agreement took place on 2 September 2014. Accordingly, the Purchaser has become the single largest shareholder of the Company, holding approximately 70.7% of the issued share capital of the Company.

Following the completion of the Agreement, Bridge Partners Capital Limited conducted a mandatory unconditional cash offer (the "Offer") for all the issued Shares (other than those already owned by the Purchaser and parties acting in concert with it) on behalf of the Purchaser pursuant to the Hong Kong Code on Takeovers and Mergers.

The Offer was closed on 16 October 2014. Taking into account of the valid acceptances in respect of 5,892,479 Shares received under the Offer (representing approximately 3.93% of the issued share capital of the Company) and the 106,050,000 shares acquired under the Agreement. The Purchaser is interested in approximately 74.63% of the entire issued share capital of the Company immediately following the close of Offer.

Please refer to the composite offer and response document jointly issued by the Company and the Purchaser dated 25 September 2014 for details of the Agreement and the Offer.



EVENTS AFTER THE FINANCIAL PERIOD END

Change of Board Composition

Mr. Fan Wei Guo and Mr. Zheng Jian Peng were appointed as executive Directors on 3 October 2014.

With effect immediately after the close of the Offer on 16 October 2014,

- (i) Prof. Paul Kan Man Lok resigned as executive Director and ceased to be chairman of the Board;
- (ii) Ms. Shirley Ha Suk Ling resigned as executive Director;
- (iii) Mr. Leo Kan Kin Leung and Mr. Lai Yat Kwong resigned as non-executive Directors;
- (iv) Ms. Shao Xiang Ming, Mr. Alec Ho Yat Wan and Mr. Kong Siu Chee resigned as independent non-executive Directors;
- (v) Mr. Wei Yue Tong has been appointed as an executive Director and the chairman of the Board;
- (vi) Mr. Weng Lin Lei has been appointed as an executive Director;
- (vii) Mr. Zheng Zhu Ping has been appointed as an non-executive Director; and
- (viii) Mr. Chiu Wai Piu, Mr. Leung Oh Man, Martin and Ms. Kwan Sin Yee has been appointed as an independent non-executive Directors.

Proposed Change of Company Name

On 28 October 2014, the Company announced the proposed change of the name of the Company from "DIGITALHONGKONG.COM 數碼香港" to "Global Strategic Group Limited 環球戰略集團有限公司" (the "Proposed Change of Company Name") to better reflect the corporate identity of the Company following the change of controlling shareholder and upon the close of the Offer.

The Proposed Change of Company Name is subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 9 December 2014.



Placing of Shares

On 28 October 2014, the Company entered into a conditional placing agreement for the placing of 30,000,000 new Shares to independent placees (the "Placing") to raise a net proceed of approximately HK\$44,000,000. The Placing has yet to complete as at the date of this report. Further announcement in respect of the completion of Placing will be made by the Company.

PROSPECT

Given a competitive business environment of the Group's IT consulting and technical services business, it is expected that there would possibly be further decline in the sales and it is not optimistic that the results will turnaround in the coming year.

The Offer was closed on 16 October 2014. After reviewing of the business of the Group and in view of the lack of improvement in the Group's current business and financial position, the new Directors consider that it is essential to diversify the Group's business activities with the objective of broadening its source of income.

With the funds to be raised by the Placing, and the experience and expertise of the new management team, the Group plans to develop its business into the areas of commodities trading, including but not limited to trading of copper and nickel, etc. The Directors are of the view that the commodity trading business will become a new revenue stream of the Group.

Moving forward, the Group will continue to explore attractive business and investment opportunities so as to enhance profitability and maximise the shareholders' value. The Directors keep an open mind when exploring new opportunities, but will only seek for investments and businesses on a selective and prudent basis.



DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2014, the interests of the Directors in the shares of the Company or any of its associated corporation (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 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 held/ interested	Approximate percentage of the issued share capital
Prof. Paul Kan Man Lok	Corporate interest	5,670,520	3.78%

Note: 5,670,520 shares of the Company, representing approximately 3.78% of the entire issued share capital of the Company were held by Lawnside International Limited ("Lawnside"), a company which is beneficially and wholly-owned by Prof. Paul Kan Man Lok. Lawnside has disposed of all the 5,670,520 shares of the Company to the Purchaser under the Offer on 16 October 2014, and Prof. Paul Kan Man Lok resigned as the Director on 16 October 2014.

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 30 September 2014 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 SHAREHOLDERS

As at 30 September 2014, the following persons (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 shareholders	Capacity	Number of shares held/ interested	Approximate percentage of the issued share capital
Global Strategic (Holdings) Group Limited	Beneficial owner	106,050,000	70.7%
Global Strategic Fund Holdings Limited ("GSF")	Interest of controlled corporation (<i>Note</i>)	106,050,000	70.7%
Liang Tan Yi Xing International Foundation Company Limited ("Liang Tan Yi Xing Foundation")	Interest of controlled corporation (<i>Note</i>)	106,050,000	70.7%
Hotex Holdings Limited ("Hotex")	Interest of controlled corporation (<i>Note</i>)	106,050,000	70.7%
Wei Yue Tong	Interest of controlled corporation (<i>Note</i>)	106,050,000	70.7%
Weng Lin Lei	Interest of controlled corporation (<i>Note</i>)	106,050,000	70.7%

Note: Global Strategic (Holding) Group Limited is beneficially wholly-owned by GSF, which is an investment holding company incorporated in Hong Kong with limited liability. GSF is beneficially owned as to 51% by Liang Tan Yi Xing Foundation and 49% by Hotex. Liang Tan Yi Xing Foundation is an investment holding company incorporated in Hong Kong with limited liability, which is beneficially owned as to 90% by Mr. Wei Yue Tong and 10% by Mr. Zheng Zhu Ping. Hotex is a company incorporated in Hong Kong with limited liability, which is beneficially wholly-owned by Mr. Weng Lin Lei.

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 30 September 2014.



COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had any business or interest which competed or might compete with the business of the Group nor 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 three months ended 30 September 2014, 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 the above unaudited quarterly results of the Group for the three months ended 30 September 2014.

By Order of the Board
DIGITALHONGKONG.COM
Zheng Jian Peng
Executive Director

Hong Kong, 7 November 2014

As at the date of this report, the executive Directors are Mr. Wei Yue Tong, Mr. Weng Lin Lei, Mr. Fan Wei Guo and Mr. Zheng Jian Peng; the non-executive Director is Mr. Zheng Zhu Ping; and the independent non-executive Directors are Mr. Chiu Wai Piu, Mr. Leung Oh Man, Martin and Ms. Kwan Sin Yee.