DIGITALHONGKONG.COM

(incorporated in the Cayman Islands with limited liability)

Stock code: 8007

Results Announcement
For the year ended 30 June 2009

The board of directors (the "Board") of DIGITALHONGKONG.COM ("Digital HK" or the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2009 with comparative figures for 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2009

	Notes	**2009** ***HK$'000***	2008 *HK$'000*
Turnover	*(2)*	**3,510**	5,018
Other income		**91**	339
General and administrative expenses		**(2,214)**	(2,231)
Marketing and promotion expenses		**(241)**	(751)
Staff costs		**(2,953)**	(3,361)
Loss before taxation		**(1,807)**	(986)
Taxation	*(3)*	**-**	-
Loss for the year attributable to equity holders of the Company	*(4)*	**(1,807)**	(986)
Loss per share – basic	*(5)*	**HK(1.20) cents**	HK(0.66) cents

CONSOLIDATED BALANCE SHEET

At 30 June 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**8**	17
Interest in an associate		**-**	-
		8	17
Current assets			
Trade and other receivables	*(6)*	**2,623**	2,111
Amount due from a fellow subsidiary		**24**	36
Deposits, bank balances and cash		**14,536**	16,714
		17,183	18,861
Current liabilities			
Other payables		**1,056**	934
Amount due to a fellow subsidiary		**11**	13
		1,067	947
Net current assets		**16,116**	17,914
Net assets		**16,124**	17,931
Capital and reserves			
Share capital		**15,000**	15,000
Reserves		**1,124**	2,931
Equity attributable to equity holders of the Company		**16,124**	17,931

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Attributable to equity holders of the Company				
	Share capital *HK$'000*	**Capital reserve** *HK$'000*	**Share premium** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 July 2007	15,000	7,540	8,461	(12,084)	18,917
Loss for the year and total recognised expenses	-	-	-	(986)	(986)
At 30 June 2008	15,000	7,540	8,461	(13,070)	17,931
Loss for the year and total recognised expenses	-	-	-	(1,807)	(1,807)
At 30 June 2009	**15,000**	**7,540**	**8,461**	**(14,877)**	**16,124**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. Basis of preparation and application of Hong Kong Financial Reporting Standards

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements 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 and the Hong Kong Companies Ordinance.

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 13	Customer loyalty programmes
HK(IFRIC) - INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. Turnover and segment information

Turnover represents the amounts received and receivable for services rendered in establishing and providing secure electronic payment processing platform.

No business segment analysis and geographical segment analysis are presented for both years as substantially all of the Group's turnover and contribution to results were derived from the business of development and operation of payment infrastructure which facilitates web-enabled transactions in the People's Republic of China including Hong Kong and Macau.

3. Taxation

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

The tax charge for the year can be reconciled to the loss per the consolidated income statement as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Loss before taxation	**(1,807)**	(986)
Tax at Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	**(298)**	(163)
Tax effect of expenses not deductible for tax purposes	**24**	18
Tax effect of income not taxable for tax purposes	**(83)**	(211)
Tax effect of tax losses not recognised	**357**	356
Taxation for the year	**-**	-

4. Loss for the year

	2009	2008
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**512**	410
Depreciation of property, plant and equipment	**9**	8
Research and development costs, including staff costs of HK$899,000 (2008: HK$1,098,000)	**977**	1,176

5. Loss per share

The calculation of the loss per share is based on the loss for the year of HK$1,807,000 (2008: HK$986,000) and 150,000,000 (2008: 150,000,000) shares in issue throughout the year.

6. Trade and other receivables

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**2,492**	1,984
Other receivables	**131**	127
	2,623	2,111

The Group allows an average credit period of 180 days for its trade customers depending on their credit worthiness, nature of services and condition of the market. The aging analysis of trade receivables at the balance sheet date is as follows:

	2009	2008
	HK$'000	*HK$'000*
0-60 days	**804**	1,196
61-120 days	**849**	788
121-180 days	**839**	-
	2,492	1,984

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The year under review was marked by great uncertainties as the global financial crisis continued to unfold. Amid continuing credit crisis, record level of job losses and very challenging market conditions, many economies had entered into a period of recession.

The Group's performance reflected the sharp decline of the global financial market, which adversely affected customers' spending. Thanks to the Group's prudent management style, quick decision in easing out some unprofitable investments, and agility in adapting itself in the highly competitive marketplace, Digital HK was able to maintain a positive financial position and closed the year with a comfortable level of current assets and no bank borrowings.

Operations and Financial Review

The year 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.

During the year, the Group was principally engaged in providing customised e-commerce solutions and services. Service fees derived from the Group's enabling solutions, technical consultation on e-commerce integration and application customisation remained the primary source of income for the Group.

Amidst the difficult operating environment, the Group adopted a conservative approach in rolling out its business objectives. Spending on new systems and networks, as well as infrastructure upgrades, was strictly in line with the level of business attained, and the Group's resources were deployed in such a way as to produce optimum results.

For the year ended 30 June 2009, the Group recorded a turnover of HK$3,510,000 and a loss of HK$1,807,000 compared with turnover of HK$5,018,000 and a loss of HK$986,000 last year. For the quarter ended 30 June 2009, turnover was HK$829,000 and loss was HK$568,000. Loss per share for the year was HK1.20 cents. The lower turnover reflected a shrinkage in customer budget and expenditure, a highly competitive market, and the Group's continuing strategy to focus on customised solutions.

Strict discipline in cost management continued to be maintained. Overall operating costs decreased by 15% to HK$5,408,000, compared with HK$6,343,000 in the previous year. Staff costs as well as marketing and promotion expenses were reduced by 12% and 68% respectively as a result of a decline in business activities.

The Group's financial position remained liquid and positive, and did not have any bank borrowings as at 30 June 2009.

The Board does not recommend the payment of any dividend for the year. The Group will retain cash to finance the continuing development of its business as well as prospective investment opportunities.

Liquidity and Financial Resources

As at 30 June 2009, the Group had current assets of approximately HK$17,183,000, which comprised mainly deposits, bank balances and cash of approximately HK$14,536,000. The Group had no non-current liabilities, and its current liabilities amounted to approximately HK$1,067,000, consisting mainly of payables arising in the normal course of operation.

The Group did not have any bank borrowings as at 30 June 2009. The Group financed its operations primarily with internally generated cashflows. As at 30 June 2009, the Group did not have any material contingent liabilities or charges on its assets. With net current assets of HK$16,116,000, the Group was in a financially liquid position at the end of the year under review. The Group's gearing ratio, based on the Group's total borrowings which were nil, and equity attributable to equity holders of the Company of approximately HK$16,124,000, was nil.

The directors of the Company consider that the Group's financial resources are sufficient for its operation. If necessary, the Board would consider either debt or equity financing, or both, for business development, especially when appropriate business opportunities are identified and market conditions are favourable.

During the year, the Group made no acquisition or disposal of subsidiaries or affiliated companies.

Capital Commitments

As at 30 June 2009, the Group's capital commitments authorised but not contracted for was HK$500,000 (2008: HK$500,000). These commitments were set aside for the acquisition of property, plant and equipment, and development of systems and networks.

Exposure to Exchange Rate Fluctuations

The Group's foreign currency exposure is limited, as most of its transactions, assets and liabilities are denominated in Hong Kong dollars and United States dollars.

Outlook

Against unprecedented economic and market uncertainties that are likely to persist, the outlook for the current financial year is difficult to predict. The Group will remain vigilant and continue to exercise cost control measures.

Meanwhile, Digital HK will continue its prudent approach in the search for new opportunities for growth in complementary businesses that have good growth prospects and can generate reliable cashflow. Since 2003, the Group had identified healthcare, related IT services and associated investments in the health sector as the key driver of future growth, and has been making great efforts in building up its expertise and exposure to this sector. The emergence of new diseases, the discovery of new treatments for old and new diseases, the global trend of aging population, and the longer life expectancy all point towards the need to use IT and advanced technologies to combat and resolve health related issues. As such, over the last six years, Digital HK has engaged in a number of medical projects and invested in related opportunities.

Among the early projects that Digital HK was involved was the provision of technical services catered for healthcare and lifescience on a wide range of health related topics to a health portal. Such portal was an initiative that took advantage of the community's heightened consciousness of health and awareness of hygiene in the wake of the outbreak of SARS in 2003. Online purchases of health foods, medical prescriptions and consultation were enabled. This was followed by an investment in a bioinformatics project related to drug discovery targeted at infectious diseases, leveraging on the Group's IT expertise to help develop customised database design tools. In 2007, the Group announced a partnership with a UK-based health technology group to develop and market telehealth services in Hong Kong and the Mainland. The project aimed at improving patient care and enabling more cost-effective deployment of clinical resources via the use of electronic health tools for distant diagnostics and remote monitoring systems.

The investments in the last six years have amassed intangible benefits for the Group in the arena of medical knowledge and built up necessary expertise, software and knowhow to keep us abreast of opportunities in the health sector. With a positive balance sheet, the Group is well-positioned to continue its momentum and agility in making the necessary investments in complementary businesses that can expand its income base and generate reliable cashflows.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company complied with the code provisions in the Code on Corporate Governance Practices set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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 the above audited annual results of the Group for the year ended 30 June 2009.

By Order of the Board
Shirley HA Suk Ling
Director

Hong Kong, 16 July 2009

As at the date of this announcement, the executive directors of the Company are Mr Paul Kan Man Lok, Ms Shirley Ha Suk Ling and Mr John Wong Yuk Lung; the non-executive directors are Mr Leo Kan Kin Leung and Mr Lai Yat Kwong; and the independent non-executive directors are Mr Francis Gilbert Knight, Mr Alec Ho Yat Wan and Ms Shao Xiang Ming.

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