DIGITALHONGKONG.COM

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8007

Interim Results Announcement
For the six months ended 31 December 2010

The board of directors (the "Board") of DIGITALHONGKONG.COM (the "Company" or "Digital HK") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and six months ended 31 December 2010 with the comparative unaudited figures for the corresponding periods in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 31 December 2010

		Three months ended 31 December		**Six months ended 31 December**	
		2010	2009	**2010**	2009
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*(3)*	**749**	808	**1,535**	1,532
Other income		**-**	2	**4**	8
General and administrative expenses		**(662)**	(578)	**(1,052)**	(1,013)
Marketing and promotion expenses		**(59)**	(60)	**(144)**	(116)
Staff costs		**(706)**	(785)	**(1,525)**	(1,515)
Loss before taxation		**(678)**	(613)	**(1,182)**	(1,104)
Taxation	*(5)*	**-**	-	**-**	-
Loss and total comprehensive expense for the period attributable to owners of the Company		**(678)**	(613)	**(1,182)**	(1,104)
Loss per share – basic	*(6)*	**HK(0.452) cents**	HK(0.409) cents	**HK(0.788) cents**	HK(0.736) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	**As at 31 December 2010** ***HK$'000*** **(Unaudited)**	As at 30 June 2010 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**3**	3
Interest in an associate		**-**	-
		3	3
Current assets			
Trade and other receivables	*(7)*	**2,722**	3,946
Amount due from a fellow subsidiary		**12**	27
Bank balances and cash		**10,525**	10,694
		13,259	14,667
Current liabilities			
Other payables		**785**	1,018
Amount due to a fellow subsidiary		**13**	6
		798	1,024
Net current assets		**12,461**	13,643
Net assets		**12,464**	13,646
Capital and reserves			
Share capital		**15,000**	15,000
Reserves		**(2,536)**	(1,354)
Equity attributable to owners of the Company		**12,464**	13,646

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 December 2010

	Attributable to owners 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 2009	15,000	7,540	8,461	(14,877)	16,124
Loss and total comprehensive expense for the period	-	-	-	(1,104)	(1,104)
At 31 December 2009	15,000	7,540	8,461	(15,981)	15,020
At 1 July 2010	15,000	7,540	8,461	(17,355)	13,646
Loss and total comprehensive expense for the period	-	-	-	(1,182)	(1,182)
At 31 December 2010	**15,000**	**7,540**	**8,461**	**(18,537)**	**12,464**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 31 December 2010

	Six months ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Net cash used in operating activities	**(170)**	(1,671)
Net cash from investing activities	**1**	1
Net decrease in cash and cash equivalents	**(169)**	(1,670)
Cash and cash equivalents at the beginning of the period	**10,694**	14,536
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**10,525**	12,866

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2010

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis and in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the unaudited condensed 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.

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 2010.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has applied a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards, amendments and interpretations (collectively referred to as "new and revised HKFRSs") issued by the HKICPA. The adoption of these new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the condensed consolidated financial statements of the Group.

3. Turnover and segment information

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

The Group's operating activities are attributable to a single operating segment focusing on development and operation of payment infrastructure which facilitates web-enabled transactions in the People's Republic of China, including Hong Kong and Macau.

4. Depreciation

Depreciation of property, plant and equipment, included in general and administrative expenses, for the six months ended 31 December 2010 was HK$1,000 (2009: HK$5,000).

5. Taxation

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

6. **Loss per share**

The calculation of the loss per share for the three months and six months ended 31 December 2010 is based on the respective unaudited loss and total comprehensive expense for the period of HK$678,000 and HK$1,182,000 (2009: HK$613,000 and HK$1,104,000 respectively) and on the number of 150,000,000 (2009: 150,000,000) shares in issue throughout the periods.

7. **Trade and other receivables**

	As at 31 December 2010 ***HK$'000*** **(Unaudited)**	As at 30 June 2010 *HK$'000* (Audited)
Trade receivables *(Note)*	**2,517**	3,819
Other receivables	**205**	127
	2,722	3,946

Note:
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 based on the invoice date at the end of the reporting period is as follows:

	As at 31 December 2010 ***HK$'000*** **(Unaudited)**	As at 30 June 2010 *HK$'000* (Audited)
0-60 days	**732**	726
61-120 days	**717**	771
181-365 days	**1,068**	2,322
	2,517	3,819

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2010 (2009: Nil).

FINANCIAL AND BUSINESS REVIEW

For the six-month period ended 31 December 2010, the Group's turnover was HK$1,535,000, compared with HK$1,532,000 for the corresponding period of last year. Turnover for the quarter ended 31 December 2010 was HK$749,000, compared with HK$808,000 for the last corresponding period. Loss for the six-month period was HK$1,182,000, compared with a loss of HK$1,104,000 for the last corresponding period. Total operating costs were HK$2,721,000, compared with HK$2,644,000 for 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 December 2010. It financed its operations primarily by internally generated cashflows.

OUTLOOK

e-Commerce and online monetary transaction processing are fast evolving into mainstream channels of doing business. Digital HK continues to revamp its business, aiming at reaching out to a more diversified customer base via its infrastructure and enabling solutions. To achieve this goal, we have been engaging more actively in marketing and promotional activities, as well as seeking collaboration partners to provide more innovative business solutions. Among the opportunities that the Group is considering is an investment in a payment platform project.

Meanwhile, to enhance the return for its shareholders, Digital HK also continues to search for other suitable investment opportunities, including a bio-science project where the Group can leverage its IT expertise.

The Group's investments hopefully will bear fruit and bring long term value to the Company's shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group had current assets of approximately HK$13,259,000, which comprised mainly bank balances and cash of approximately HK$10,525,000. The Group had no non-current liabilities, and its current liabilities amounted to approximately HK$798,000, consisting mainly of payables arising in the normal course of operation.

The Group did not have any bank borrowings as at 31 December 2010. The Group financed its operations primarily with internally generated cashflows. As at 31 December 2010, the Group did not have any material contingent liabilities or charges on its assets. With net current assets of HK$12,461,000, the Group was in a financially liquid position at the end of the period under review. The Group's gearing ratio, based on the Group's total borrowings which were nil, and equity attributable to owners of the Company of approximately HK$12,464,000, 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 period, the Group made no acquisition or disposal of subsidiaries or affiliated companies.

CAPITAL COMMITMENTS

As at 31 December 2010, the Group's capital commitments authorised but not contracted for was HK$500,000 (30 June 2010: 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.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2010, the Group employed 9 full-time staff members. Staff costs for the period under review were HK$1,525,000 (2009: HK$1,515,000). Remuneration is determined with reference to market terms and the performance, qualifications, and experience of the individual employee. Remuneration includes monthly salaries, performance-linked bonuses, share options, retirement benefits under the Mandatory Provident Fund Scheme, and other benefits such as medical scheme.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2010, the interests of the directors 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:

Name of director	**Capacity**	**Number of shares**	**Approximate percentage of the issued share capital**	**Number of convertible securities**
Securities of the Company				
Mr. Paul Kan Man Lok	Corporate interest	*Note 1*	79.98%	-
Securities of Champion Technology Holdings Limited ("Champion", the Company's holding company)				
Mr. Paul Kan Man Lok	Corporate interest	*Note 2*	26.59%	*Note 2*
Securities of Kantone Holdings Limited ("Kantone", a subsidiary of Champion)				
Mr. Paul Kan Man Lok	Corporate interest	*Note 3*	53.79%	-

Notes:

1. 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 December 2010, Lawnside had interests in approximately 26.59% of the entire issued share capital of Champion. Mr. Paul Kan Man Lok was deemed to have corporate interest in the shares of the Company owned by Champion and Lawnside.

2. 1,081,803,853 shares of Champion were held by Lawnside. Lawnside also held a convertible redeemable bond of Champion with outstanding principal amount of HK$136,460,805.47 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 2011 (after the exercise of the extension option by Champion on 12 August 2010) at the conversion price per share of the higher of (i) HK$0.77 (after adjustment on 23 May 2009 as a result of a rights issue of Champion); 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. The bond has not been taken into account in calculating the percentage of the issued share capital of Champion held by Lawnside.

On 29 November 2010, Lawnside entered into an underwriting agreement (the "Underwriting Agreement") with Champion relating to a rights issue of 1,808,187,168 shares ("Right Shares") at HK$0.15 each. Lawnside has undertaken to Champion (i) to take up and accept its rights entitlement in full in respect of 480,801,712 Rights Shares; and (ii) to underwrite 1,327,385,456 Rights Shares pursuant to the Underwriting Agreement. Its interests in these Rights Shares under the Underwriting Agreement have not been taken into account in calculating the percentage of the issued share capital of Champion held by Lawnside.

3. 2,815,507,171 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 December 2010 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 December 2010, 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	Percentage of the issued share capital
Champion	Long	Beneficial owner	117,300,000	78.20%

Save as disclosed above, no person had any interests or short positions in the shares or underlying shares of the Company according to the register of interests kept by the Company under Section 336 of the SFO as at 31 December 2010.

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 six months ended 31 December 2010, 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 six months ended 31 December 2010, the Company complied with the code provisions in the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of all directors of the Company, result of which indicates that the directors had complied with such code of conduct throughout the six months ended 31 December 2010.

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 unaudited interim results of the Group for the six months ended 31 December 2010.

By Order of the Board
Shirley HA Suk Ling
Director

Hong Kong, 27 January 2011

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.

This announcement will remain on the GEM website at "www.hkgem.com" on the "Latest Company Announcements" page for 7 days from the day of its posting.