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DIGITALHONGKONG.COM

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8007

Results Announcement For the year ended 30 June 2011

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 2011 with the comparative figures for 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

		2011	2010
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	(2)	3,124	3,058
Other income		9	9
General and administrative expenses		(2,296)	(2,153)
Marketing and promotion expenses		(303)	(384)
Staff costs		(3,099)	(3,008)
Loss before taxation		(2,565)	(2,478)
Taxation	(3)	-	-
Loss and total comprehensive expense for the year attributable to owners of the Company	(4)	<u>(2,565)</u>	<u>(2,478)</u>
Loss per share – basic	(5)	<u>HK(1.71) cents</u>	<u>HK(1.65) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	2011 HK\$'000	2010 HK\$'000
Non-current assets			
Property, plant and equipment		2	3
Interest in an associate		-	-
		<u>2</u>	<u>3</u>
Current assets			
Trade and other receivables	(6)	404	3,946
Amount due from a fellow subsidiary		24	27
Bank balances and cash		11,667	10,694
		<u>12,095</u>	<u>14,667</u>
Current liabilities			
Other payables		1,013	1,018
Amount due to a fellow subsidiary		3	6
		<u>1,016</u>	<u>1,024</u>
Net current assets		<u>11,079</u>	<u>13,643</u>
Net assets		<u>11,081</u>	<u>13,646</u>
Capital and reserves			
Share capital		15,000	15,000
Reserves		(3,919)	(1,354)
Equity attributable to owners of the Company		<u>11,081</u>	<u>13,646</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	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 year	-	-	-	(2,478)	(2,478)
At 30 June 2010	15,000	7,540	8,461	(17,355)	13,646
Loss and total comprehensive expense for the year	-	-	-	(2,565)	(2,565)
At 30 June 2011	15,000	7,540	8,461	(19,920)	11,081

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2011

1. Basis of preparation and application of new and revised 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 (“HKFRSs”) 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 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 “GEM Listing Rules”) and the Hong Kong Companies Ordinance.

In the current year, the Group has applied a number of new and revised Standards and Interpretations issued by the HKICPA.

The adoption of the new and revised Standards and Interpretations has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

2. 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. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs, that are regularly reviewed by the directors of the Company. The directors of the Company regularly review the Group’s turnover and overall results of the Group as a whole for the purpose of resources allocation. Accordingly, no analysis of this single operating segment is presented.

3. Taxation

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

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

	2011 HK\$'000	2010 HK\$'000
Loss before taxation	(2,565)	(2,478)
Tax credit at Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	(423)	(409)
Tax effect of expenses not deductible for tax purposes	52	8
Tax effect of income not taxable for tax purposes	(40)	(41)
Tax effect of tax losses not recognised	411	442
Taxation for the year	-	-

4. Loss for the year

	2011 HK\$'000	2010 HK\$'000
Loss for the year has been arrived at after charging:		
Auditor’s remuneration	459	459
Depreciation of property, plant and equipment	1	8
Operating lease rentals in respect of rental premises	66	66
Research and development costs, including staff costs of HK\$1,007,000 (2010: HK\$906,000)	1,038	961

5. Loss per share

The calculation of the loss per share is based on the loss for the year attributable to owners of the Company of HK\$2,565,000 (2010: HK\$2,478,000) and on the number of 150,000,000 (2010: 150,000,000) shares in issue throughout the year.

No dilutive loss per share is presented as there were no potential ordinary shares in issue for 2011 and 2010.

6. Trade and other receivables

	2011 HK\$'000	2010 HK\$'000
Trade receivables	273	3,819
Other receivables	131	127
	<u>404</u>	<u>3,946</u>

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

	2011 HK\$'000	2010 HK\$'000
0-60 days	273	726
61-120 days	-	771
181-365 days	-	2,322
	<u>273</u>	<u>3,819</u>

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operations and Financial Review

During the year, the Group was principally engaged in providing customised internet business solutions and services which offered advice on the integration of various service offerings for online transactions. Service fees derived from the Group's enabling solutions and technical consultation on e-commerce application customisation was the primary source of income for the Group.

Consistent with its prudent financial management, the Group's spending on new systems and networks, as well as infrastructure upgrades was strictly in line with the level of business attained, and its resources were deployed in such a way as to produce optimum results.

For the year ended 30 June 2011, the Group's turnover remained stable at HK\$3,124,000 as compared with HK\$3,058,000 of last year, whereas loss attributable to owners of the Company was HK\$2,565,000 compared with loss of HK\$2,478,000 for the previous year. Loss per share for the year was HK1.71 cents.

Total operating costs for the year under review increased slightly to HK\$5,698,000 from HK\$5,545,000 for the previous year, mainly attributable to the increase in general and administrative expenses of 7% to HK\$2,296,000 from HK\$2,153,000 for the previous year.

The Group's financial position remained liquid and positive, and did not have any bank borrowings as at 30 June 2011. Operation was primarily financed by internally generated cashflows.

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 2011, the Group had current assets of approximately HK\$12,095,000, which comprised mainly bank balances and cash of approximately HK\$11,667,000. The Group had no non-current liabilities, and its current liabilities amounted to approximately HK\$1,016,000, consisting mainly of payables arising in the normal course of operation.

The Group did not have any bank borrowings as at 30 June 2011. The Group financed its operations primarily with internally generated cashflows. As at 30 June 2011, the Group did not have any material contingent liabilities or charges on its assets. With net current assets of approximately HK\$11,079,000, the Group was in a financially liquid position at the end of the year under review. The Group had no borrowings and hence no gearing ratio was presented. Equity attributable to owners of the Company as at 30 June 2011 was approximately HK\$11,081,000.

The Board considers 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 2011, the total amount of the Group's capital commitments authorised but not contracted for was HK\$500,000 (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.

Outlook

e-Commerce has become increasingly important to economic development, and is fast evolving into a mainstream channel of doing business. Small companies in particular regard e-commerce as an indispensable tool to survive and rebound in the face of adverse economic conditions.

The Group is operating in a dynamic and ever-evolving industry where new services and business models emerge, and the competitive landscape changes rapidly. Amidst intensifying market competition, it faces significant challenges on a continuous basis.

At this stage, Digital HK is going through a transitional period as it revamps its business aiming at reaching out to a more diversified customer base via its infrastructure and enabling solutions. To achieve this goal, the Group will engage more actively in marketing and promotional activities, and seek collaboration partners to provide more innovative business solutions.

Meanwhile, the Board will conduct a detailed review of the operations of the Group with a view to developing a corporate strategy to broaden its income stream. Subject to the results of the review, the Group may explore other business opportunities and may consider such business acquisitions as deemed appropriate for the development of the Group.

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 GEM Listing Rules.

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 2011.

By Order of the Board
Shirley HA Suk Ling
Director

Hong Kong, 26 August 2011

As at the date of this announcement, the executive directors of the Company are Mr Paul Kan Man Lok and Ms Shirley Ha Suk Ling; 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.