DIGITALHONGKONG.COM

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8007

Results Announcement
For the year ended 30 June 2013

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 2013 with comparative figures for 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Turnover	*(2)*	**3,066**	3,003
Other income		**1**	5
General and administrative expenses		**(2,293)**	(2,234)
Marketing and promotion expenses		**(228)**	(249)
Staff costs		**(3,208)**	(3,277)
Loss before taxation		**(2,662)**	(2,752)
Taxation	*(3)*	**-**	-
Loss and total comprehensive expense for the year attributable to owners of the Company	*(4)*	**(2,662)**	(2,752)
Loss per share – basic	*(5)*	**HK(1.77) cents**	HK(1.83) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**-**	1
Interest in an associate		**-**	-
		-	1
Current assets			
Trade and other receivables	*(6)*	**235**	154
Amount due from a fellow subsidiary		**24**	24
Bank balances and cash		**6,458**	10,150
		6,717	10,328
Current liabilities			
Other payables		**1,048**	1,997
Amount due to a fellow subsidiary		**2**	3
		1,050	2,000
Net current assets		**5,667**	8,328
Net assets		**5,667**	8,329
Capital and reserves			
Share capital		**15,000**	15,000
Reserves		**(9,333)**	(6,671)
Equity attributable to owners of the Company		**5,667**	8,329

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2013

	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 2011	15,000	7,540	8,461	(19,920)	11,081
Loss and total comprehensive expense for the year	-	-	-	(2,752)	(2,752)
At 30 June 2012	15,000	7,540	8,461	(22,672)	8,329
Loss and total comprehensive expense for the year	-	-	-	(2,662)	(2,662)
At 30 June 2013	**15,000**	**7,540**	**8,461**	**(25,334)**	**5,667**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 ("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 amendments to standards issued by the HKICPA that are mandatorily effective for accounting periods beginning on 1 July 2012.

The adoption of the amendments to standards 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 e-commerce infrastructure with payment capabilities which facilitate 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 executive directors of the Company. The executive 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 profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Loss before taxation	**(2,662)**	(2,752)
Tax credit at Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	**(439)**	(454)
Tax effect of expenses not deductible for tax purposes	**11**	10
Tax effect of income not taxable for tax purposes	**(44)**	(46)
Tax effect of tax losses not recognised	**497**	490
Utilisation of tax losses previously not recognised	**(25)**	-
Taxation for the year	**-**	-

4. Loss for the year

	2013 *HK$'000*	2012 *HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**532**	516
Depreciation of property, plant and equipment	**1**	1
Operating lease rentals in respect of rented premises	**81**	66
Research expenditures, including staff costs of HK$1,144,000 (2012: HK$1,130,000)	**1,175**	1,162

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$2,662,000 (2012: HK$2,752,000) and on the number of 150,000,000 (2012: 150,000,000) shares in issue throughout the year.

No diluted loss per share is presented as there were no potential ordinary shares in issue for 2013 and 2012.

6. Trade and other receivables

	2013 *HK$'000*	2012 *HK$'000*
Trade receivables *(Note)*	**98**	-
Other receivables	**137**	154
	235	154

Note:

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:

	2013 *HK$'000*	2012 *HK$'000*
0 - 60 days	**98**	-

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operations and Financial Review

The year under review was full of challenges and changes. From a macro perspective, China experienced slower GDP growth amidst economic uncertainties in Europe and the US. Meanwhile, technology was rapidly evolving and becoming more user-friendly, changing the behaviour of consumers who are increasingly attracted to online shopping. The year also saw a significant shift in user activity from personal computers to mobile devices, driven by rapid expansion of mobile internet user base, enhanced capabilities of smartphones and increased adoption of mobile applications.

The Group continued its development efforts in new solutions and services to stay competitive in the challenging and changing market environment. During the year, the Group's e-commerce platform was enhanced and customised to accommodate the trading of cultural products, alongside with the integration of social media in helping our customers to promote their culture and related activities. 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 of 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 2013, the Group's turnover remained stable at HK$3,066,000, compared with HK$3,003,000 of last year, and loss attributable to owners of the Company was HK$2,662,000 compared with loss of HK$2,752,000 for the previous year. Loss per share for the year was HK1.77 cents (2012: HK1.83 cents).

Total operating costs for the year under review were HK$5,729,000 (2012: HK$5,760,000). General and administrative expenses were HK$2,293,000 (2012: HK$2,234,000) while staff costs decreased slightly to HK$3,208,000 (2012: HK$3,277,000).

The Group's financial position remained positive, and did not have any bank borrowings as at 30 June 2013. 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.

Outlook

The Group is operating in a dynamic and ever-evolving industry where new services and business models emerge, and the competitive landscape changes rapidly.

In line with China's national policy to promote its culture industry, the Group will continue to build on its e-commerce expertise to provide an integrated suite of services for clients in the promotion and trading of various cultural products and related services for the consumer market. The Group will also invest in related projects with growth potential.

Meanwhile, to enhance the return for its shareholders, Digital HK also continues to search for other suitable investment opportunities, including bioscience and health related projects where the Group can leverage its IT expertise.

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.

CORPORATE GOVERNANCE CODE

During the year, the Company complied with the code provisions of the Corporate Governance Code 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 financial and accounting policies 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 2013.

By Order of the Board
Shirley HA Suk Ling
Director

Hong Kong, 14 August 2013

As at the date of this announcement, the executive directors of the Company are Prof. 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.

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