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DIGITALHONGKONG.COM

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8007)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 28 October 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a fully underwritten basis 30,000,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be Independent Third Parties at a price of HK\$1.50 per Placing Share.

The Placing Price of HK\$1.50 per Placing Share represents (i) a discount of approximately 16.67% to the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 17.85% to the average of the closing prices per Share of HK\$1.826 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Shares represent 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 28 November 2013.

The net proceeds of the Placing, after deduction of the placing commission and other related expenses of approximately HK\$1 million, will be approximately HK\$44 million. The Directors intend to use the net proceeds as general working capital of the Group.

The Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 28 October 2014

Issuer: the Company

Placing Agent: Jin Hung Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent will charge the Company a placing commission of 2% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to not fewer than six (6) Placees which will be professional institutional or other investor independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Number of Placing Shares

The maximum Placing Shares of 30,000,000 Shares represent 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$1.50 per Placing Share represents (i) a discount of approximately 16.67% to the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 17.85% to the average of the closing prices per Share of HK\$1.826 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares. Given the size of the Placing Shares involved (which represent 20% of the existing Shares in issue) and the discount to the closing price as quoted on the Stock Exchange on the Last Trading Day and a discount to the average of the closing prices as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement, the Directors (including the independent non-executive Directors) consider that the Placing Price are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank pari passu in all respects among themselves and with the existing issued Shares as at the date of this announcement.

Condition of the Placing

The Placing is conditional upon

- (A) the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (B) the Placing Agreement not having been terminated in accordance with its terms.

If the above condition is not fulfilled by the Long Stop Date, the Placing Agreement will be terminated forthwith and cease to have any effect.

Completion

The Placing shall complete on the Completion Date, being the third Business Day after the satisfaction of the condition set out above (or such later date as may be agreed by the parties hereto).

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 28 November 2013, subject to the limit up to 30,000,000 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The 30,000,000 Placing Shares to be allotted and issued utilises 100% of the General Mandate. As at the date of this announcement, the Company has not utilized the General Mandate.

Termination

- (A) The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if any Specified Event comes to the notice of the Placing Agent.
- (B) If notice is given pursuant to Clause (A) above, the Placing Agreement shall terminate and be of no further effect and no party shall be under any liability to any other in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

The Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Placing are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares held <i>Shares</i>	approx. %	Number of Shares held <i>Shares</i>	approx. %
Global Strategic (Holding) Group Limited (<i>Note 1</i>)	111,942,479	74.63	111,942,479	62.19
The Placees	–	–	30,000,000	16.67
Public	38,057,521	25.37	38,057,521	21.14
				(<i>Note 2</i>)
Total	<u>150,000,000</u>	<u>100</u>	<u>180,000,000</u>	<u>100</u>

Note 1: As at the date of this announcement, Global Strategic (Holding) Group Limited is wholly-owned by Global Strategic Fund Holdings Limited, which in turn is owned as to 49% of its issued share capital by Hotex Holdings Limited and as to 51% of its issued share capital by Liang Tan Yi Xing International Foundation Company Limited. Hotex Holdings Limited is wholly-owned by Mr. Weng Lin Lei, an executive Director. Liang Tan Yi Xing International Foundation Company Limited is owned by Mr. Wei Yue Tong, an executive Director, as to 90% of its issued share capital and by Mr. Zheng Zhu Ping, a non-executive Director, as to 10% of its issued share capital.

Note 2: Since each of the Placees and their respective ultimate beneficial owners are Independent Third Parties, the 30,000,000 Placing Shares will be counted as held by public and hence the Company will have sufficient public float immediately upon Completion.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of internet & e-commerce enabling solutions, IT consulting & technical services; strategic investments in technologies & applications; investment in life science & health related projects; promotion & trading of cultural products.

The Board considers that the Placing represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. The gross proceeds from the Placing will be HK\$45 million and the net proceeds from the Placing, after the deduction of the placing commission and other related expenses of approximately HK\$1 million, are estimated to be approximately HK\$44 million, representing a net issue price of approximately HK\$1.47 per Placing Share. The net proceeds will be used as general working capital of the Group. The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Group while broadening its shareholder and capital base. Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associates”	has the meaning ascribed thereunder the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	DIGITALHONGKONG.COM, a company incorporated in the Cayman Islands with limited liability, which is principally engaged in the investment holding and whose issued Shares are listed on GEM
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	the third Business Day following the day on which the conditions set out in the Placing Agreement are satisfied (or such later date as may be agreed between the Company and the Placing Agent)
“connected persons”	has the meanings as ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM

“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 November 2013, pursuant to which a maximum of 30,000,000 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	28 October 2014, being the last trading day for the Shares prior to this announcement
“Long Stop Date”	11 November 2014 or such later date as the Company and the Placing Agent may agree in writing
“Placees”	any professional institutional or other investor independent of and not connected with the Company, the connected persons of the Company and their respective associates procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a fully underwritten basis, of up to 30,000,000 Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Jin Hung Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 28 October 2014 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.50 per Placing Share
“Placing Shares”	30,000,000 Shares to be placed under the Placing

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary issued share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specified Event”	means an event occurring or matter arising on or after the date hereof and prior to the date of Completion which if it had occurred or arisen before the date hereof would have rendered any of the undertakings, warranties and representations given by the Company in the Placing Agreement untrue or incorrect and such would have an adverse impact/effect on the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
DIGITALHONGKONG.COM
Zheng Jian Peng
Company Secretary

Hong Kong, 28 October 2014

As at the date of this announcement, 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, Ms. Kwan Sin Yee and Mr. Leung Oh Man, Martin.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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.