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Digital Video Networks

UNIVERSAL HOLDINGS LIMITED
友利控股有限公司
(incorporated in the Cayman Islands with limited liability)

DVN (HOLDINGS) LIMITED
天地數碼(控股)有限公司 *
(Incorporated in Bermuda with limited liability)

RESIGNATION OF A DIRECTOR AND CESSATION OF ACCOUNTING FOR DVN (HOLDINGS) LIMITED AS A SUBSIDIARY OF UNIVERSAL HOLDINGS LIMITED

The UHL Board wishes to announce that Mr. Lui Pan, Terry has tendered his resignation as a director of UHL with effect from 13 December 2002. DVN has been a 40.45% controlled subsidiary of UHL. Due to the resignation of Mr. Lui, UHL can no longer have the majority control over the DVN Board and DVN becomes an associated company of the Company although UHL is still the single largest shareholder of DVN. For this reason and in accordance with the accounting principles generally accepted in Hong Kong, UHL will cease to consolidate the results of DVN and will apply equity accounting to account for DVN's results with effect from 13 December 2002 in preparing the forthcoming consolidated financial statements of UHL. The balance sheet of UHL will have a separate line showing the interests in associated company. There is no impact on the net assets value of UHL as if DVN is still a subsidiary. However, the turnover of DVN will not be included in the consolidated profit and loss account of UHL from 13 December 2002. Based on no material changes or growth to the businesses of UHL, the turnover of UHL is expected to drop substantially in the following year when compared to this year.

RESIGNATION OF A DIRECTOR OF UHL

Mr. Lui Pan, Terry has tendered his resignation as director of UHL with effect from 13 December 2002. Mr. Lui is currently a director and the chief executive officer of DVN. Mr. Lui has been the director of UHL since 27 September 1999 and the director of DVN since 16 August 1999. Mr. Lui was appointed as director of UHL to develop and take overall strategic planning of UHL's multi-media relating businesses, including, the integrated telephony systems, IP communications as well as the DVN Businesses. Since the DVN Businesses are undergoing a rapid growth stage, Mr. Lui has to dedicate all his working time and focus all his effort to the DVN Businesses. After the resignation from UHL, Mr. Lui will not hold any position in UHL, but will continue to serve DVN in the same capacity independently from the direction of UHL. The others directors of UHL will assume the responsibilities of Mr. Lui and the UHL Board does not anticipate any major impact on the operation of UHL upon the resignation of Mr. Lui. The UHL Board wishes to extend the utmost appreciation for Mr. Lui's contribution to UHL.

THE DVN BOARD

Currently, UHL, directly and indirectly, controls an aggregate of 40.45% interests in DVN and is the single largest shareholder of DVN. UHL has been accounting for DVN as a subsidiary and has been consolidating DVN's results in the financial statements of UHL as UHL has a majority control over the DVN Board. DVN has 8 directors, of which 4 of them (including Mr. Lui) were representing UHL on DVN Board. Mr. Lui, upon his resignation from UHL, will work independently in DVN and will no longer represent UHL. As UHL ceases to control the majority of the DVN Board, UHL will account for DVN as an associated company and will apply equity accounting to account for the results of DVN with effect from 13 December 2002 in preparing the forthcoming consolidated financial statements in accordance with the accounting standards.

UHL does not have any shareholders agreement with any other shareholders of DVN on the appointment of directorship in DVN. There is no provision in the bye-laws of DVN that restrict any shareholders to nominate directors to DVN but any appointment of directors must be approved in the General Meeting, save for the appointment to fill the casual vacancies (in such case, the directors so appointed must seek for re-appointment in the next General Meeting. UHL will nominate directors to DVN only if he could contribute to the DVN Businesses. At present, UHL does not have any intention or any right candidate to nominate. The remaining 3 directors who are nominated or invited by UHL on DVN Board namely, Mr. Ko Chun Shun, Johnson, Mr. Ronald Richard Budacz and Ms. Cheung Sum Yu, Fiona will continues to be board members of DVN and there is no other change in the DVN Board. The DVN Board does not note any change in shareholding of DVN following Mr. Lui's resignation from the UHL Board.

EFFECT ON THE CONSOLIDATED FINANCIAL STATEMENTS

UHL will apply equity accounting to include the results of DVN with effect from 13 December 2002. As the shareholding percentage of UHL in DVN does not change, there will not be any effect on the consolidated net asset position of UHL. The turnover and results of DVN will be included in UHL's consolidated financial statements on a consolidated basis up to 13 December 2002, the date when DVN ceases to be the subsidiary of UHL and thereafter, UHL will apply equity accounting to account for the results of DVN in its consolidated financial statements. The balance sheet of UHL will have a separate line showing the interests in associated company. There is no impact on the net assets value of UHL as if DVN is still a subsidiary. However, the turnover of DVN will not be included in the consolidated profit and loss account of UHL from 13 December 2002. Based on no material changes or growth to the businesses of UHL, the turnover of UHL is expected to drop substantially in the following year when compared to this year. The comparison of the net assets values, turnover and the results of UHL and DVN are as follows:

	UHL	**DVN**
	(HK$'000)	*(HK$'000)*
Consolidated Net Assets Value		
— after minority interests		
As at 30 June 2002 (unaudited)	$209,047	$222,325
As at 31 December 2001 (audited)	$215,751	$214,193
As at 31 December 2000 (audited)	$353,102	$176,417

	UHL (HK$'000)	DVN (HK$'000)
Consolidated Turnover		
For the six months period ended 30 June 2002 (unaudited)	$42,563	$37,906
For the year ended 31 December 2001 (audited)	$128,875	$65,048
For the year ended 31 December 2000 (audited)	$89,753	$43,715
Consolidated loss attributable to shareholders		
For the six months period ended 30 June 2002 (unaudited)	$6,684	$29,604
For the year ended 31 December 2001 (audited)	$138,404	$41,373
For the year ended 31 December 2000 (audited)	$493,730	$203,288

INFORMATION OF UHL

UHL is an investment holding company. The UHL Group engages in the DVN Businesses, retail and trading of home audio and video equipment and provision of IP telephony and related services. After DVN ceases to be a subsidiary of UHL, the UHL Group will continue to engage in its existing businesses as mentioned herein.

INFORMATION OF DVN

DVN is principally engaged in the DVN Businesses. Following Mr. Lui's resignation from the UHL Board and the cessation of accounting for DVN as a subsidiary of UHL, there will be no impact in the financial, operation and strategic aspects of DVN.

DEFINITIONS

"DVN Businesses"	Businesses of DVN, including the design, integration and installation of digital broadcasting systems and development of related software and products, and the provision of international financial market information and selective consumer data
"DVN"	DVN (Holdings) Limited, a company incorporated in Bermuda with limited liability and the ordinary shares of which are listed on the Stock Exchange
"DVN Board"	The board of directors of DVN
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"UHL"	Universal Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange.
"UHL Board"	The board of directors of UHL
"UHL Group"	UHL and its subsidiaries from time to time

By order of the Board	By order of the Board
Universal Holdings Limited	**DVN (Holdings) Limited**
Ko Chun Shun Johnson	**Lui Pan, Terry**
Chairman	*Chief Executive Officer*

Hong Kong, 17 December 2002

* *for identification purpose only*

Please also refer to the published version of this announcement in the China Daily.