
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in **DVN (HOLDINGS) LIMITED**, you should at once hand this document with the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.



DVN (HOLDINGS) LIMITED
天地數碼（控股）有限公司*

(Incorporated in Bermuda with limited liability)

**REFRESHMENT OF THE 10% GENERAL LIMIT ON THE GRANT OF
OPTIONS UNDER THE SHARE OPTION SCHEME
AND
GENERAL MANDATES TO REPURCHASE SHARES AND
TO ISSUE SHARES**

NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of **DVN (Holdings) Limited** to be held at Room 1304-05, 13th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 26 June 2003 at 11:30 a.m. is set out on pages 9 to 11 of this document. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's Registrars in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of a proxy form will not preclude shareholders from attending and voting at the annual general meeting if they so wish.

* *for identification purpose only*

DEFINITIONS

In this document, the following expressions have the following meanings unless the context requires otherwise:—

“Annual General Meeting”	the annual general meeting of the Company to be held on 26 June 2003, notice of which is set out on pages 9 to 11 of this document
“Company”	DVN (Holdings) Limited, a company incorporated in Bermuda with limited liability and listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Latest Practicable Date”	28 May 2003, being the latest practicable date prior to the printing of this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Old Scheme”	the old share option scheme as terminated upon the adoption of the Share Option Scheme
“Qualified Persons”	as defined in the Share Option Scheme, including the employees, officers, chief executive and directors, suppliers, agents and customers & etc of any member of the Group or of any associated companies which in the opinion of the Directors, has made or will make contributions which are or may be beneficial to the Group as a whole
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no.5(1) of the notice of the Annual General Meeting
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Share Option Scheme”	the share option scheme of the Company adopted pursuant to an ordinary resolution of the Company passed on 26 June 2002

DEFINITIONS

“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers



DVN (HOLDINGS) LIMITED
天地數碼(控股)有限公司*

(Incorporated in Bermuda with limited liability)

Directors:

Mr. Ko Chun Shun, Johnson (*Chairman*)

Mr. Lui Pan, Terry

Ms. Cheung Sum Yu, Fiona #

Mr. Shaw Sun Kan, Gordon #

Mr. Jerry Sze #

Mr. Chu Hon Pong*

Mr. Liu Tsun Kie*

Non-executive Director

* *Independent non-executive Director*

Registered office:

Clarendon House
2 Church Street West
Hamilton – HM 11
Bermuda

Head Office and Principal

Place of Business:

Room 1304-05, 13th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

2 June 2003

To shareholders of the Company

Dear Sir or Madam,

**RENEWAL OF THE 10% GENERAL LIMIT ON THE GRANT OF
OPTIONS UNDER THE SHARE OPTION SCHEME
AND
GENERAL MANDATES TO REPURCHASE SHARES AND
TO ISSUE SHARES**

INTRODUCTION

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed at the special general meeting of the Company convened on 26 June 2002. Pursuant of the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme and any other share option schemes of the Company is subject to the following limitations:

(i) Option Mandate

The maximum number of the Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed such number of the Shares as shall represent 10% (“Option Mandate”) of the total number of the Shares in issue as at the date

* *for identification purpose only*

LETTER FROM THE CHAIRMAN

when the Share Option Scheme is approved by the Shareholders. For the purpose of calculating the Option Mandate, options which have been lapsed in accordance with the terms of the New Share Option Scheme/its applicable rules shall not be counted.

(ii) Refreshment of the General Mandate

The Company may seek approvals by the Shareholders in the general meetings for refreshing the Option Mandate provided that the total number of the Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company under the Option Mandate as being refreshed must not in aggregate exceed 10% of the total number of the Shares in issue as at the date when such refreshment of the Option Mandate is approved by the Shareholders. For the foregoing purpose, options previously granted under the New Share Option Scheme and any other share option schemes of the Company, whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised, will not be counted.

(iii) Grant of options to specifically identified Qualified Persons

The Company may seek separate approval by the Shareholders in the general meetings for granting options beyond the Option Mandate provided the options in excess of the Option Mandate are granted only to Qualified Persons specifically identified before such approval is sought. A circular containing the identity of the Qualified Persons, the number and the terms of the options to be granted (and options previously granted to such Qualified Persons) and any other information required under the Listing Rules will be sent by the Company to its shareholders in accordance with the Listing Rules in such circumstance.

(iv) Overriding Limit

Notwithstanding any provisions to the contrary, the limit on the number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed such number of the Shares as shall represent 30% of the Shares in issue from time to time.

(v) Maximum entitlement of each Qualified Person

Unless separately approved by the Shareholders in the general meetings in the manner as prescribed in the Listing Rules, the total number of the Shares issued and to be issued upon exercise of options granted to each Qualified Person (including both exercised, cancelled and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period must not exceed 1% of the Shares then in issue.

As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 22,775,000 Shares, representing approximately 6% of the issued share capital of the Company have been granted and outstanding to certain directors and employees of the Group or of its associated companies who have made contributions to the Group. The Company has not granted options which have exceeded the limits as described above in the Share Option Scheme and no single grantee has been granted options exceed 1% of the Shares then in issue in the past 12-month period.

LETTER FROM THE CHAIRMAN

The Directors consider that it will be for the benefit of the Group as a whole that the Qualified Persons of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of options under the Share Options Scheme. The grant of options will motivate the Qualified Persons to contribute towards the success of the Group. The Directors therefore consider that it is in the interest of the Company to “refresh” such 10% limit to permit the grant of further options under the Share Option Scheme.

If the 10% limit is “refreshed”, on the basis of 376,374,826 Shares in issue as at the Latest Practicable Date, the Company will be allowed to grant an additional 37,637,482 options under the Share Option Scheme carrying the rights to subscribe for a 37,637,482 Shares.

Assuming such additional 37,637,482 options are granted, the total number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any the Old Scheme aggregates to 60,412,482 Shares, represents 16% of the issued share capital as at the Latest Practicable Dates.

GENERAL MANDATE TO REPURCHASE SHARES

The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in the appendix hereto.

GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions (Resolutions No. 5(2) and No.5(3)) as set out in the Notice of the Annual General Meeting, granting the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

Based on the total outstanding Shares in issue as at the Latest Practicable Date of 376,734,826 Shares, the maximum number of Shares that can be issued under this general mandate would be 75,346,965 Shares.

RECOMMENDATION

The Directors believe that all the above-mentioned resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of the resolutions set out in the notice of Annual General Meeting.

By Order of the Board
Ko Chun Shun, Johnson
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution. For the purpose of this appendix, the term “shares” shall be as defined in the Code of Share Repurchases to mean shares of all classes and securities which carry right to subscribe or purchase shares.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 376,734,826 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 37,673,482 Shares representing not more than 10% of the issued share capital of the Company at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such purchase may depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.

3. FUNDING OF REPURCHASES

In repurchasing any Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and other applicable laws of Bermuda.

The Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date are as follows:—

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
May	2.10	1.74
June	1.82	1.23
July	1.50	1.28
August	1.50	1.24
September	1.24	0.70
October	0.85	0.73
November	0.81	0.65
December	0.79	0.65
2003		
January	0.74	0.70
February	0.80	0.58
March	0.79	0.70
April	0.77	0.60

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge and belief and having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the shareholders.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders.

6. TAKEOVER CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Mr. Ko Chun Shun, Johnson together with his associates was beneficially interested in 160,741,756 Shares representing 42.67% of the issued share capital of the Company. Should the power to repurchase Shares pursuant to the Repurchase Proposal be exercised in full, Mr. Ko Chun Shun, Johnson together with his associates would be beneficially interested in 47.41% of the issued share capital of the Company, exceeding the 2 per cent. creper under the Takeover Code. The Directors consider that such an increase may give rise to an obligation on Mr. Ko Chun Shun, Johnson and his concert parties to make a mandatory general offer for the Company under Rule 2.6 of the Takeover Code. The Directors have no present intention to exercise the repurchase mandate in part or in full which may lead to any shareholder of the Company triggering a mandatory general offer obligation for the Company under the Takeover Code. In the event that the power to repurchase Shares pursuant to the Repurchase Proposal is exercised in full, the number of Shares held by the public would not fall below 25%.

7. SHARE PURCHASE MADE BY THE COMPANY

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.



DVN (HOLDINGS) LIMITED
天地數碼（控股）有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Room 1304-05, 13th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong on 26 June 2003 at 11:30 a.m. for the following purposes:—

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31 December 2002.
2. To elect and re-elect the following persons as directors of the Company:—
 - (i) Ms. Cheung Sum Yu, Fiona.
 - (ii) Mr. Shaw Sun Kan, Gordon.
3. To authorise the Board of Directors to fix the remuneration of the Director.
4. To appoint PricewaterhouseCoopers as auditors of the Company to hold office until the conclusion of the next annual general meeting at a fee to be fixed by the directors.
5. as special business, to consider, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions:—
 - (1) **“THAT:—**
 - (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of shares of the Company which the Directors of the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the fully paid shares of HK\$0.10 each in capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and

* for identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:—
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
- (2) “**THAT:**—
- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
 - (d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:—
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and

NOTICE OF ANNUAL GENERAL MEETING

(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

- (3) “**THAT** subject to the passing of the Ordinary Resolutions No.5(1) and 5(2) set out in the Notice convening the meeting, the general mandate granted to the Directors of the Company to allot and deal with additional shares pursuant to Resolution No.5(2) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No.5(1) set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”
- (4) “**THAT** the total number of the Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company is refreshed to 10% of the total number of shares in issue as at the date of passing of this resolution in accordance to clause 9.2 of the Share Option Scheme of the Company”.

By Order of the Board
Cecil Ho
Company Secretary

Hong Kong, 2 June 2003

Notes:—

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power or authority must be deposited at the Company’s Registrars in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.