DVN (HOLDINGS) LIMITED
天地數碼(控股)有限公司*

(Incorporated in Bermuda with limited liability)

Website: www.dvnholdings.com www.irasia.com/listco/hk/dvn

(Stock Code: 0500)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors (the "Board") of DVN (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007, together with the comparative figures for the corresponding period in 2006. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2007

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**317,264**	652,825
Cost of sales		**(220,637)**	(517,676)
Gross profit		**96,627**	135,149
Other income	*3*	**19,484**	1,529
Marketing, selling and distribution costs		**(23,289)**	(24,246)
Administrative expenses		**(45,518)**	(46,625)
Other operating expenses		**(5,832)**	(25,223)
Operating profit		**41,472**	40,584
Finance costs	*4*	**(4)**	(51)
Share of loss of a jointly controlled entity		**–**	(1)
Share of profits of associates		**127**	6
PROFIT BEFORE INCOME TAX		**41,595**	40,538
Income tax credit/(expenses)	*6*	**(3,898)**	658
PROFIT AFTER INCOME TAX		**37,697**	41,196
Dividends on preference shares	*7*	**(1,453)**	(2,906)
PROFIT FOR THE PERIOD		**36,244**	38,290

	Notes	Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Attributable to:			
Ordinary equity holders of the Company		**36,244**	38,290
Minority interests		**–**	–
		36,244	38,290
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	*8*	**HK$0.032**	HK$0.065
Diluted	*8*	**HK$0.032**	HK$0.063

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Notes	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**11,592**	10,284
Intangible assets		**50,828**	42,082
Interest in a jointly controlled entity		**3,285**	3,285
Interests in associates		**2,992**	2,291
Total non-current assets		**68,697**	57,942
CURRENT ASSETS			
Inventories		**107,596**	69,530
Deferred income tax assets		**6,120**	6,120
Amounts due from related companies		**–**	475
Trade receivables	*9*	**273,127**	129,117
Prepayments, deposits and other receivables		**63,652**	190,185
Pledged bank deposits		**6,000**	10,007
Cash and cash equivalents		**604,787**	516,413
Total current assets		**1,061,282**	921,847
CURRENT LIABILITIES			
Trade payables	*10*	**133,663**	138,745
Other payables and accruals		**70,281**	108,557
Tax payables		**10,534**	7,664
Obligations under finance leases, current portion		**27**	36
Total current liabilities		**214,505**	255,002
Net current assets		**846,777**	666,845
TOTAL ASSETS LESS CURRENT LIABILITIES		**915,474**	724,787
NON-CURRENT LIABILITIES			
Obligations under finance leases		**–**	8
Net assets		**915,474**	724,779
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares		**113,808**	108,167
Reserves		**683,907**	498,854
		797,715	607,021
Minority interests		**117,759**	117,758
Total equity		**915,474**	724,779

Notes:

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the six months ended 30 June 2007 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company's audit committee.

These condensed consolidated interim financial statements have been prepared under historical cost convention. The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2006 except that, in the current period, the Group has adopted certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA.

Adoption of new/revised HKFRSs

The following new and revised HKFRSs are adopted for the first time for the current period's condensed consolidated interim financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC) – Int 7	Applying the Reinstatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK (IFRIC) – Int 8	Scope of HKFRS 2
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK (IFRIC) – Int 12	Service Concession Arrangements

The adoption of these new and revised HKFRSs has had no material impact on the accounting policies of the Group and the preparation of these condensed consolidated interim financial statements.

2 SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(i) Digital broadcasting business ("DVB Business") – The design, development, integration and sales of digital set top boxes, digital broadcasting systems and related software;

(ii) Other – Provision of international financial market information and selective consumer data; and

(iii) Corporate – Corporate income and expenses.

An analysis of the Group's revenue and results for the six months ended 30 June 2007 and 2006 by business segments is as follows:

	DVB Business		**Other**		**Corporate**		**Unallocated**		**Total**	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**307,797**	644,282	**9,467**	8,543	**–**	–	**–**	–	**317,264**	652,825
Segment results	**45,031**	41,989	**738**	289	**(4,297)**	(1,694)	**–**	–	**41,472**	40,584
Finance costs							**(4)**	(51)	**(4)**	(51)
Share of loss of a jointly controlled entity	**–**	(1)							**–**	(1)
Share of profits of associates	**127**	6							**127**	6
Profit before income tax									**41,595**	40,538
Income tax credit/(expenses)									**(3,898)**	658
Profit after income tax									**37,697**	41,196
Dividends on preference shares									**(1,453)**	(2,906)
Profit for the period									**36,244**	38,290

3 OTHER INCOME

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income on bank deposits	**9,783**	1,302
Value-added tax refund	**7,694**	–
Short-term investment income	**1,474**	–
Gain on disposal of property, plant and equipment	**–**	195
Others	**533**	32
	19,484	1,529

4 FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**–**	47
Interest element of finance leases	**4**	4
	4	51

5 EXPENSES BY NATURE

Expenses included in cost of sales, marketing, selling and distribution costs, administrative expenses and other operating expenses are analysed as follows:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**218,724**	515,621
Cost of provision of financial market information and consumer data	**1,913**	2,055
Depreciation:		
Owned property, plant and equipment	**2,338**	5,080
Leased property, plant and equipment	**11**	22
Net exchange loss	**–**	19
Other operating expenses including:		
Amortisation of deferred development costs	**4,594**	2,405
Provision for inventories	**576**	13,488
Provision for impairment of trade receivables	**115**	9,330
Provision for impairment of goodwill	**547**	–

6 INCOME TAX CREDIT/(EXPENSES)

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – outside Hong Kong	**(3,898)**	(337)
Deferred tax income	**–**	995
	(3,898)	658

No provision for Hong Kong profits tax has been made as the operations in Hong Kong either did not have any assessable profit for the period or had sufficient tax losses brought forward to offset against the assessable profit arising during the period.

Taxes on overseas profits have been calculated at the applicable rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7 DIVIDENDS

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends on preference shares	**1,453**	2,906

The directors of the Company do not recommend any payment of interim dividend on ordinary shares for the six months ended 30 June 2007 (2006: Nil).

8 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit attributable to the ordinary equity holders of the Company of approximately HK$36,244,000 (2006: HK$38,290,000) and the weighted average number of 1,118,538,282 (2006: 588,340,590) ordinary shares in issue during the period.

The calculation of the diluted earnings per share is based on the Group's profit attributable to the ordinary equity holders of the Company of approximately HK$36,244,000 (2006: HK$38,290,000) and the weighted average number of ordinary shares during the period assuming the exercise of the outstanding share options, the dilutive potential ordinary shares of the Company. A calculation is made to determine the number of ordinary shares that could have been acquired at fair value (determined as the average market share price of the Company's ordinary shares over the period) based on the monetary value of the subscription rights attached to the outstanding share options. The weighted average number of ordinary shares for the calculation of the diluted earnings per share is set out as follows:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue	**1,118,538,282**	588,340,590
Adjustment for share options	**14,820,848**	15,107,671
Weighted average number of ordinary shares for diluted earnings per share	**1,133,359,130**	603,448,261

9 TRADE RECEIVABLES

An aging analysis of the trade receivables as at the balance sheet is as follows:

	30 June 2007	31 December 2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
1 – 6 months	**239,445**	123,144
7 – 12 months	**30,271**	5,973
Over 12 months	**3,411**	–
	273,127	129,117

The Group's trading terms with its customers are payment in advance or on credit. The credit period is generally for a period of one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables. The Group performs ongoing credit evaluation of its customers and makes frequent contact with its customers. The Group believes that no significant credit risk exists as credit losses, when realised, have been within the range of management's expectation. Trade receivables are non-interest bearing.

10 TRADE PAYABLES

An aging analysis of the trade payables as at the balance sheet date is as follows:

	30 June 2007	31 December 2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
1 – 6 months	**114,513**	123,360
7 – 12 months	**3,409**	1,325
Over 12 months	**15,741**	14,060
	133,663	138,745

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Review and Prospects

Overall Performance

The Group recorded an unaudited consolidated profit after income tax and preference dividends for the six months ended 30 June 2007 of HK$36.2 million (2006: HK$38.3 million). The Group's consolidated revenue for the six months ended 30 June 2007 amounted to HK$317.3 million, representing a decrease of 51.4% as compared to that for the six months ended 30 June 2006 of HK$652.8 million. The Group's gross profit margin improved from 20.7% in 2006 to 30.5% in 2007 as a result of the change in sales mix of the set top boxes and the implementation of cost saving exercise. Despite the substantial increase in headcount as a result of the expansion of the Group's operations, the marketing, selling and distribution costs and the administrative costs were more or less maintained at 2006 level.

Digital broadcasting business

The turnover of the digital broadcasting business of the Group for the six months ended 30 June 2007 decreased by 52.2% to HK$307.8 million (2006: HK$644.3 million). With the implementation of effective cost control measures and the significant decrease in the provisions for inventories and trade receivables, the results of the digital broadcasting business sector for the six months ended 30 June 2007 recorded a profit of HK$45.0 million (2006: HK$42.0 million).

Digital cable TV subscribers in the PRC do not have to buy the set top boxes they require in order to receive digital TV broadcasts. These are provided to them at no cost. However, subscribers are charged a subscription fee for digital service that is significantly higher than that for analogue service. Upon digitalisation, the analogue service ceases. As a result some subscribers have complained that they have been given no choice and have been forced to pay the higher subscription fee. Some lobbied for the continuation of analogue services. At the beginning of 2007, subscriber objections to being not given a choice between analogue and digital resulted in a hiatus in the migration to digital TV in the PRC. There was concern subscribers may not be willing to pay the higher digital subscription fees and the roll out of digital service was adversely affected in the first half of the year as cable TV operators adopted a "wait and see" attitude. The State Administration of Radio, Film and Television ("SARFT") has now ruled that on digitalisation 6 analogue TV channels should be retained for subscribers who do not wish to subscribe the digital service. With only 6 analogue TV channels available after digitalisation, it is felt that this ruling by SARFT will not materially impact the migration of subscribers to digital service and sales of set top boxes began to recover in the second quarter.

Another factor that affected sales is the fact that sales of set top boxes for the corresponding period in 2006 were mainly generated from Guangxi Province. As the migration to digital becomes more complete, shipments to Guangxi slowed down materially as compared to the first half of 2006.

Provision of financial information

The turnover of the provision of financial information business of the Group for the six months ended 30 June 2007 increased by 10.8% to HK$9.5 million (2006: HK$8.5 million) while its segmental results reported a profit of HK$0.7 million (2006: HK$0.3 million) for the period.

The primary business of this business sector is the provision of online financial information through internet in Hong Kong and other parts of Asia. The operation of this business sector recorded a moderate growth in 2007 as compared to 2006.

Employees and Remuneration Policies

The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay level of its employees is competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance. Employees are offered discretionary year-end bonus based on individual merit.

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group to recognise their contribution to the success of the Group. In February 2007 and May 2007, the Group granted 1,000,000 and 58,202,000 share options respectively to its qualified persons under the share option scheme.

As at 30 June 2007, the Group had approximately 630 (31 December 2006: 490) employees. These employees almost all work in the Mainland China.

Prospects

In the first half of 2007, the Group was appointed the sole supplier of systems integration services, providing a total digital cable TV solution in Hainan Province for China Cable Television ("China CATV"). China CATV is held by China Central Television ("CCTV") and is the largest and the only nationwide cable TV operator in the PRC. Our project in Hainan Province is the first fully interactive digital cable TV migration project and is a good start of a long-term cordial business cooperation between the Group and China CATV, and will bring about more business opportunities to the Group's future development. Hainan Province is the first province that will have its whole network offering fully interactive digital cable TV services. We expect Hainan Province will be the precedent for other cable TV operators to upgrade to two-way digital cable TV networks.

The cable TV networks held or invested in by CITIC Group, the largest shareholder of the Company, will gradually migrate to digital and we expect orders from these networks to the Group will increase steadily. The provincial cable TV operator in Henan Province, the largest province in the PRC with a population of 100 million, is planning the launch of digital TV services. We expect to start the distribution of set top boxes towards the end of 2007 in Henan Province, and this will be the major customer for the sales of set top boxes of the Group in 2008.

After the slowdown in the early part of this year, the development of digital TV in the PRC is expected to speed up, and more networks will start interactive digital services. The Group is well placed to benefit from interactive digital cable networks. The Group is equipped with the latest and highly cost effective cable network interactive upgrade technology and we are developing value-added services. We are thus able to provide cable operators with more comprehensive network services. As a result, the Group will be able to leverage on more potential business opportunities, and subscribers will be able to use our various interactive value-added services, thus keeping the Group at the top of the industry.

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2007, the Group recorded total assets of HK$1,130.0 million which were financed by liabilities of HK$214.5 million, minority interests of HK$117.8 million and shareholders' equity of HK$797.7 million. The Group's net asset value per share as at 30 June 2007 amounted to HK$0.70 (31 December 2006: HK$0.56).

As part of the share placement exercise in December 2006 and subsequent to the approval of shareholders given in February 2007, 50 million ordinary shares were issued by the Company on 5 March 2007 raising HK$135.9 million. In addition, 6,410,000 ordinary shares were issued by the Company in relation to the exercise of its share options during the period ended 30 June 2007.

The Group had a total cash and bank balance of HK$610.8 million as at 30 June 2007 (31 December 2006: HK$526.4 million). The Group did not have any material borrowings and its gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, as at 30 June 2007 was negligent. The Group has sufficient banking facilities available from its bankers for its daily operations.

Treasury Policies

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in Hong Kong dollars, Renminbi and United States dollars. Surplus cash is generally placed in short to medium term deposits and highly liquid investments in light of the Group's funding requirements.

Exposure to Fluctuations on Exchange Rates and Related Hedges

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in Hong Kong dollars and United States dollars. The exchange rate of United States dollars against Hong Kong dollars is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in Renminbi. Given the appreciation of Renminbi against Hong Kong dollars and United States dollars during the period under review, no financial instruments have been used for hedging purposes as it is expected that the appreciation of Renminbi would bring a favourable impact on the Group.

Material Acquisitions and Disposals of Subsidiaries and Associates

The Group had no material acquisitions or disposals of subsidiaries and associates during the period ended 30 June 2007.

Charges on Assets

As at 30 June 2007, the Group had bank deposits amounting to approximately HK$6 million pledged to banks as securities for general banking facilities.

Future Plans for Material Investments or Capital Assets

The establishment of two wholly owned subsidiaries in Mainland China by the Group was in progress at 30 June 2007. The total capital contributions to these two subsidiaries amount to approximately HK$181 million, which are expected to be financed by the Group's internal resources.

Capital Commitments

The Group did not have any material capital expenditure commitments as at 30 June 2007.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the interim report, except for the following deviations:

(i) Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and be subject to re-election. Not all of the existing non-executive directors (including independent non-executive directors) of the Company were appointed for a specific term when they were appointed, which constitutes a deviation from code provision A.4.1 of the Code. However, they are subject to retirement by rotation according to the Bye-laws of the Company.

(ii) Under code provision A.4.2 of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to the Bye-law 98 of the Bye-laws of the Company, at the annual general meeting in each year, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office, which may in some cases constitute a deviation from code provision A.4.2 of the Code. To comply with code provision A.4.2 of the Code, relevant amendments to the Bye-laws of the Company were approved by the shareholders of the Company in the annual general meeting held on 16 August 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") to regulate the directors' securities transactions. Following specific enquiry by the Company, all directors have confirmed that they have complied with the Model Code regarding directors' securities transactions throughout the accounting period covered by the interim report.

PUBLICATION OF INTERIM REPORT

The 2007 interim report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on Hong Kong Exchanges and Clearing Limited's website (www.hkex.com.hk) and the Company's website (www.irasia.com/listco/hk/dvn) in due course.

By Order of the Board
DVN (HOLDINGS) LIMITED
Lui Pan
President

Hong Kong, 14 September 2007

As at the date of this announcement, the Board of the Company comprises the executive directors of Mr Ko Chun Shun, Johnson, Mr Lui Pan, Mr Luo Ning, Mr Qiu Yiyong, Mr Jin Wei, Mr Wang Daoyi and Mr Hu Qinggang, the non-executive directors of Mr Shaw Sun Kan, Gordon and Mr Jerry Sze, and the independent non-executive directors of Mr Chu Hon Pong, Mr Liu Tsun Kie and Mr Yap Fat Suan, Henry.

* *For identification purpose only*