THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in DVN (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

DVN (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 500)

CAPITAL REORGANISATION, PROPOSAL TO REFRESH THE 10% GENERAL LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME, AND NOTICE OF SPECIAL GENERAL MEETING

A notice of the Special General Meeting to be held at Suite 3901, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 17 December 2007 at 10:00 a.m. is set out on pages 8 to 9 of this circular. A form of proxy for use by the Shareholders at the Special General Meeting is enclosed. If you intend to attend the Special General Meeting in person, please complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the branch share registrars of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the Special General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting should you so wish.

23 November 2007

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RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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 contained herein misleading.

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

"Accumulated Losses"	the entire balance in the accumulated loss account of the Company as at 30 June 2007
"Board"	the board of Directors
"Bye-law(s)"	the bye-law(s) of the Company
"Capital Reorganisation"	the cancellation of Share Premium Account and Accumulated Losses
"Companies Act"	Companies Act 1981 of Bermuda
"Company"	DVN (Holdings) Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the main board of 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
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	21 November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Refreshment"	the proposed refreshment of the 10% general limit on grant of options under the Share Option Scheme
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company at the special general meeting held on 26 June 2002

"Share Premium Account"	the share premium account of the Company as at the Share Premium Determination Date
"Share Premium Determination Date"	the effective date of the Capital Reorganisation
"Shareholder(s)"	the holder(s) of the Share(s)
"Special General Meeting"	the special general meeting of the Company to be held at Suite 3901, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 17 December 2007 at 10:00 a.m., or any adjournment thereof (or as the case may be)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

DVN (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 500)

Executive Directors:
Mr. Ko Chun Shun, Johnson *(Chairman)*
Mr. Lui Pan *(President)*
Mr. Luo Ning
Mr. Qui Yiyong
Mr. Jin Wei
Mr. Wang Daoyi
Mr. Hu Qinggang *(Chief Financial Officer)*

Non-executive Directors:
Mr. Shaw Sun Kan, Gordon
Mr. Jerry Sze

Independent Non-executive Directors:
Mr. Chu Hon Pong
Mr. Liu Tsun Kie
Mr. Yap Fat Suan, Henry

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:
Rooms 1304-05
13th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

23 November 2007

To the Shareholders and for information only, the holders of share options of the Company

Dear Sir/Madam,

CAPITAL REORGANISATION, PROPOSAL TO REFRESH THE 10% GENERAL LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME, AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the Special General Meeting so as to enable you to make decisions on whether to vote for or against those resolutions.

At the Special General Meeting, resolutions will be proposed for the Company to approve (i) the proposed Capital Reorganisation; and (ii) the Refreshment.

PROPOSED CAPITAL REORGANISATION

The Directors intend to put forward a proposed Capital Reorganisation for approval by the Shareholders at the Special General Meeting, under which the entire amount standing to the credit of the Share Premium Account will be cancelled and part of the credit arising therefrom will be utilised to eliminate the balance of the Accumulated Losses with the balance to be transferred to the contributed surplus account of the Company.

Effects of the Capital Reorganisation

As at 30 June 2007, the Company recorded unaudited accumulated losses of approximately HK$1,117 million. The unaudited balance of the share premium account of the Company was approximately HK$1,524 million as at 30 June 2007. The entire amount standing to the credit of the Share Premium Account as at the Share Premium Determination Date will be transferred to the contributed surplus account of the Company and then applied to eliminate the Accumulated Losses.

Other than the expenses incurred relating to the Capital Reorganisation, the implementation of the Capital Reorganisation will not, of itself, affect the Company's business operations and management or the interests of the Shareholders.

Reasons for the Capital Reorganisation

The Company has unaudited accumulated losses of approximately HK$1,117 million as at 30 June 2007. The Directors are of the view that the cancellation of the Share Premium Account will allow the Company to eliminate its accumulated losses arising from the Group's past operations, thus enabling a better appreciation of the financial position of the Group and its current businesses. The Capital Reorganisation will enable the Company to declare dividends to the Shareholders at an earlier opportunity than by generating future profits to offset its accumulated losses.

Conditions of the Capital Reorganisation

The Capital Reorganisation is subject to, inter alia, the following conditions:

1. the passing of the relevant resolutions by the Shareholders to approve the proposed Capital Reorganisation at the Special General Meeting; and

2. compliance with the requirements of section 46(2) of the Companies Act, including (i) the publication of a notice in relation to the Capital Reorganisation in Bermuda; and (ii) the Directors being satisfied that on the Share Premium Determination Date, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation will be, unable to pay its liabilities as they become due.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the business day following the date of the Special General Meeting.

REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

On 26 June 2002, the Company adopted the Share Option Scheme in compliance with the Listing Rules in respect of the share option schemes of a listed company.

As at 29 June 2006, the Company had refreshed the general limit of the Share Option Scheme, which allow the Company to grant 59,202,282 share options.

From 29 June 2006 to the Latest Practicable Date, the Company has granted 59,202,000 share options of which none has been exercised. Together with other share options granted, there are 88,003,001 share options remain outstanding.

Unless the 10% general limit on grant of options under the Share Option Scheme is "refreshed", only up to 282 share options may be granted under the Share Option Scheme.

The Refreshment will enable the Company to grant further options to qualified persons, being any employee, executive or officer of the Group (including executive and non-executive directors of the Company) and any supplier, consultant, agent, adviser, shareholder, customer, partner, business associate who, at the sole discretion of the Board, will contribute or has contributed to the Group as incentives or rewards.

Proposal

It is therefore proposed that subject to the approval of the Shareholders at the Special General Meeting and such other requirements prescribed under the Listing Rules, the general limit on grant of options under the Share Option Scheme will be refreshed to 10% of the number of Shares in issue as at the date of the approval by the Shareholders at the Special General Meeting and options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

Pursuant to the Listing Rules, 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 scheme(s) of the Company at any time will not exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

As at the Latest Practicable Date, there were 1,138,081,432 Shares in issue. Assuming that no further Shares will be issued prior to the date of approving the refreshed general limit by the Shareholders, the maximum number of options that can be granted by the Company under the refreshed limit would be 113,808,143 Shares.

Conditions

The Refreshment is conditional upon:

(a) the Shareholders passing an ordinary resolution to approve the refreshment of the 10% general limit on grant of options under the Share Option Scheme; and

(b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options granted under the refreshed general limit of the Share Option Scheme.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of any options that may be granted under the Refreshment.

RIGHT TO DEMAND POLL

Pursuant to Bye-law 65, every resolution submitted to a general meeting shall be determined on a show of hands in the first instance by the members present in person, but a poll may be demanded (before or upon the declaration of the result of the show of hands) by the Chairman or by:

(a) not less than 3 members present in person or by proxy having the right to vote at the meeting; or

(b) a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(c) a member or members present in person or by proxy holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

RECOMMENDATION

The Directors consider that all the proposed resolutions in the Special General Meeting are in the best interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of resolutions nos. 1 to 2 to be proposed at the Special General Meeting in respect thereof.

A form of proxy for use by the Shareholders at the Special General Meeting is enclosed. Whether or not you intend to attend and vote at the Special General Meeting in person, you are requested to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the branch share registrars of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as practicable but in any event not less than 48 hours before the time appointed for holding the Special General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting should you so wish.

Yours faithfully,
For and on behalf of
DVN (Holdings) Limited
Lui Pan
President

DVN (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 500)

NOTICE IS HEREBY GIVEN that the special general meeting of DVN (HOLDINGS) LIMITED (the "**Company**") will be held at Suite 3901, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 17 December 2007 at 10:00 a.m. to consider and, if thought fit, pass with or without modifications, the following resolutions of the Company:

SPECIAL RESOLUTION

(1) "**THAT**:

(a) the entire amount standing to the credit of the share premium account of the Company as at the business day immediately following the date of the special general meeting convened by this notice be cancelled;

(b) the credit which will arise as a result of the cancellation of the entire amount standing to the credit to the share premium account to be effected pursuant to paragraph (a) of this resolution above be transferred to the contributed surplus account of the Company and then applied to eliminate the entire balance in the Company's accumulated loss account as at 30 June 2007 on a dollar for dollar basis and the directors of the Company (the "**Directors**") be and are hereby authorised to apply such surplus (if any) in such manner as may be permitted by the bye-laws of the Company;

(c) the Directors be and are hereby generally and unconditionally authorised to prepare and execute all documents and to do all things they consider necessary, expedient and appropriate to effect and implement any of the foregoing."

ORDINARY RESOLUTION

(2) "**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting listing of, and permission to deal in, the shares of HK$0.10 each in the share capital of the Company ("**Shares**") to be issued pursuant to the exercise of options which may be granted under the New Scheme Limit (as defined below), the refreshment of the scheme limit of the Company's share option scheme adopted on 26 June 2002 and all other share option scheme(s) of the Company,

up to 10 per cent. of the number of Shares in issue as at the date of passing this resolution (the "**New Scheme Limit**") be and is hereby approved and any director of the Company be and is hereby authorised to do such act and execute such document to effect the New Scheme Limit."

By Order of the Board
Jason Chan
Company Secretary

Hong Kong, 23 November 2007

Notes:

1. Any shareholder 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 shareholder of the Company.

2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the branch share registrars of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting.

3. As at the date hereof, the board of directors of the Company comprises Messrs Ko Chun Shun, Johnson, Lui Pan, Luo Ning, Qiu Yiyong, Jin Wei, Wang Daoyi and Hu Qinggang (each of whom is an executive director), Messrs Shaw Sun Kan, Gordon and Jerry Sze (each of whom is a non-executive director), and Messrs Chu Hon Pong, Liu Tsun Kie and Yap Fat Suan, Henry (each of whom is an independent non-executive director).