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: 00500)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the "Board") of DVN (Holdings) Limited (the "Company") announces the audited consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007 together with the comparative figures. The consolidated financial statements have been reviewed by the Audit Committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	**2007** ***HK$'000***	2006 *HK$'000*
REVENUE	*2*	**991,293**	972,540
Cost of sales		**(685,989)**	(718,532)
Gross profit		**305,304**	254,008
Other income		**51,487**	20,961
Marketing, selling and distribution costs		**(63,603)**	(54,626)
Administrative expenses		**(126,478)**	(95,046)
Other operating expenses		**(41,227)**	(750,391)
Operating profit/(loss)	*4*	**125,483**	(625,094)
Finance costs	*5*	**(8)**	(56)
Share of loss of a jointly controlled entity ("JCE")		**–**	(1)
Share of profits of associates		**71**	579
PROFIT/(LOSS) BEFORE INCOME TAX		**125,546**	(624,572)
Income tax expenses	*6*	**(8,910)**	(1,544)
PROFIT/(LOSS) AFTER INCOME TAX		**116,636**	(626,116)
Dividends on preference shares		**(1,453)**	(5,812)
PROFIT/(LOSS) FOR THE YEAR		**115,183**	(631,928)

	Note	**2007**	2006
		HK$'000	*HK$'000*
Attributable to:			
Equity holders of the Company		**115,183**	(631,925)
Minority interests		**–**	(3)
		115,183	(631,928)
DIVIDENDS	*7*	**22,762**	–
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	*8*	**HK$0.10**	(HK$0.87)
Diluted	*8*	**HK$0.10**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**11,872**	10,284
Intangible assets		**50,324**	42,082
Interest in a JCE		**–**	3,285
Interests in associates		**1,846**	2,291
Trade receivables		**173,013**	–
Total non-current assets		**237,055**	57,942
CURRENT ASSETS			
Inventories		**141,554**	69,530
Deferred income tax assets		**5,261**	6,120
Amounts due from related companies		**–**	475
Trade receivables	*9*	**520,533**	129,117
Prepayments, deposits and other receivables		**52,761**	190,185
Tax receivables		**9,104**	–
Pledged bank deposits		**6,000**	10,007
Cash and cash equivalents		**397,995**	516,413
Total current assets		**1,133,208**	921,847
CURRENT LIABILITIES			
Trade payables	*10*	**222,915**	138,745
Other payables and accruals		**101,519**	108,557
Tax payables		**11,205**	7,664
Obligations under finance leases, current portion		**8**	36
Total current liabilities		**335,647**	255,002
Net current assets		**797,561**	666,845
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,034,616**	724,787
NON-CURRENT LIABILITIES			
Obligations under finance leases		**–**	8
Net assets		**1,034,616**	724,779
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares		**113,808**	108,167
Reserves		**803,050**	498,854
		916,858	607,021
Minority interests		**117,758**	117,758
Total equity		**1,034,616**	724,779

Notes:

1.1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention.

1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs are mandatory for accounting period beginning on or after 1 January 2007 and are relevant to the Group's operations:

HKAS 1 Amendment	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
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

The principal changes in accounting policies are as follows:

(a) HKFRS 7 "Financial Instruments: Disclosures" and the complementary amendment to HKAS 1 "Presentation of Financial Statements – Capital Disclosures" introduce new disclosures relating to financial instruments and do not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to trade receivables and payables.

(b) HK(IFRIC) – Int 8 "Scope of HKFRS 2" requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. The adoption of this interpretation does not have any impact on the Group's financial statements.

(c) HK(IFRIC) – Int 9 "Reassessment of Embedded Derivatives" clarifies that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity has first become a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The adoption of this interpretation has no material impact on the Group's financial statements.

(d) HK(IFRIC) – Int 10 "Interim Financial Reporting and Impairment" prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The adoption of this interpretation does not have any impact on the Group's financial statements.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

Certain new HKFRSs are mandatory for accounting periods beginning on or after 1 January 2008 or later periods. The Group is not required to adopt these new HKFRSs in the consolidated financial statements for the year ended 31 December 2007.

New HKFRSs effective for accounting periods beginning on or after 1 January 2008 or later periods are as follows:

HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combination
HKFRS 8	Operating Segments
HK(IFRIC) – Int 11	HKFRS2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has commenced an assessment of the impact of these new standards, amendments and interpretations but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

2. REVENUE

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group.

An analysis of revenue is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Revenue from sales of goods	**921,676**	900,767
Revenue from design, integration and installation of platforms for digital broadcasting systems	**9,624**	25,583
Revenue from provision of international financial market information and selective consumer data	**21,231**	17,469
Licensing income	**35,188**	24,360
Leasing income	**3,574**	4,361
	991,293	972,540

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

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, smart cards, conditional access system, 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.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) Business segments

An analysis of the Group's revenue, results and certain assets, liabilities and expenditure information for the years ended 31 December 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	**970,062**	955,071	**21,231**	17,469	**–**	–	**–**	–	**991,293**	972,540
Segment results	**147,677**	80,114	**3,817**	1,269	**(26,011)**	(706,477)	**–**	–	**125,483**	(625,094)
Finance costs							**(8)**	(56)	**(8)**	(56)
Share of loss of a JCE	**–**	(1)							**–**	(1)
Share of profits of associates	**71**	579							**71**	579
Profit/(loss) before income tax									**125,546**	(624,572)
Income tax expenses									**(8,910)**	(1,544)
Profit/(loss) after income tax									**116,636**	(626,116)
Dividends on preference shares									**(1,453)**	(5,812)
Profit/(loss) for the year									**115,183**	(631,928)

	DVB Business		Other		Corporate		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**674,148**	535,775	**8,994**	5,131	**685,275**	433,307	**1,368,417**	974,213
Interest in a JCE	**–**	3,285	**–**	–	**–**	–	**–**	3,285
Interests in associates	**1,846**	2,291	**–**	–	**–**	–	**1,846**	2,291
Total assets	**675,994**	541,351	**8,994**	5,131	**685,275**	433,307	**1,370,263**	979,789
Segment liabilities	**324,696**	249,085	**3,534**	1,351	**7,417**	4,574	**335,647**	255,010
Capital expenditure	**35,852**	21,493	**281**	177	**379**	686,642	**36,512**	708,312
Depreciation	**6,604**	9,823	**179**	137	**74**	–	**6,857**	9,960
Amortisation	**15,702**	5,046	**–**	–	**–**	195,179	**15,702**	200,225

(b) Geographical segments

An analysis of the Group's revenue, results and certain assets, liabilities and expenditure information for the years ended 31 December 2007 and 2006 by geographical segments is as follows:

	Mainland China		Hong Kong		Other Southeast Asian countries		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**885,720**	923,550	**97,801**	43,150	**7,772**	5,840	**991,293**	972,540
Other segment information								
Segment assets	**961,169**	401,095	**406,079**	576,762	**3,015**	1,932	**1,370,263**	979,789
Capital expenditure	**31,247**	704,268	**5,169**	3,985	**96**	59	**36,512**	708,312

4. OPERATING PROFIT/(LOSS)

The Group's operating profit/(loss) is arrived at after charging/(crediting):

	Group	
	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold	**680,166**	713,973
Cost of provision of financial market information and selective consumer data	**5,823**	4,559
Depreciation	**6,857**	9,960
Write-off of priority supply rights	**–**	491,463
Amortisation of priority supply rights	–	195,179
Amortisation of deferred development costs	**15,702**	5,046
Write-off of deferred development costs	**4,513**	–
Provision for impairment of property, plant and equipment	**–**	5,621
Provision for impairment of a JCE	**3,285**	3,124
Provision for impairment of associates	**1,207**	–
Provision for impairment of goodwill	**547**	–
Provision for inventories	**7,012**	41,194
Provision for impairment of deposits, trade and other receivables	**8,545**	8,585
Write-off of bad debts	**–**	210
Gain on disposal of an associate	**–**	(124)

5. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**1**	49
Interest element of finance leases	**7**	7
	8	56

6. INCOME TAX EXPENSES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current – outside Hong Kong	**8,051**	7,664
Deferred income tax	**859**	(6,120)
Total tax expenses for the year	**8,910**	1,544

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

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.

The current PRC corporate income tax has been provided in respect of operations in the PRC at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

According to the new Corporate Income Tax Law in the PRC, the tax rate of certain PRC entities will be changed from 33% to 25% with effect from 1 January 2008.

7. DIVIDENDS

No interim dividend was paid during the year and previous year. The Board recommends to declare a final dividend of HK$0.02 per share for the year ended 31 December 2007 (2006: Nil) subject to the approval of the shareholders at the forthcoming annual general meeting.

8. EARNINGS/(LOSS) 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$115,183,000 (2006: loss of HK$631,925,000) and the weighted average number of 1,128,390,172 (2006: 722,900,813) ordinary shares in issue during the year.

The calculation of the diluted earnings per share for the year is based on the Group's profit attributable to the ordinary equity holders of the Company of approximately HK$115,183,000 and the weighted average number of ordinary shares in issue during the year 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:

Weighted average number of ordinary shares in issue	1,128,390,172
Adjustment for share options	6,862,889
Weighted average number of ordinary shares for diluted earnings per share	1,135,253,061

Diluted loss per share for the year ended 31 December 2006 had not been calculated as the impact of the outstanding share options was anti-dilutive.

9. TRADE RECEIVABLES

The Group's trading terms with its customers are payment in advance or on credit. The credit period is generally for a period of three months, extending up to nine months for major customers. The Group also has instalment sales with certain customers with repayments within several years. 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.

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
1 – 6 months	**433,079**	123,144
7 – 12 months	**87,347**	5,973
Over 12 months	**107**	–
	520,533	129,117

10. TRADE PAYABLES

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
1 – 6 months	**198,448**	123,360
7 – 12 months	**16,147**	1,325
Over 12 months	**8,320**	14,060
	222,915	138,745

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW AND PROSPECTS

Overall Performance

Summary

For the year ended 31 December 2007, the Group recorded a consolidated net profit after tax of HK$115.2 million, representing a dramatic improvement over the 2006 result which showed a loss of HK$631.9 million after "exceptional" charges of HK$686.7 million relating to the write-off and amortisation of priority supply rights. The overall gross margin for the Group improved to 31% in 2007 from 26% in 2006 and gross profit jumped to HK$305.3 million in 2007 from HK$254.0 million in 2006. Influenced by changes in sales mix, the Group's consolidated revenue in 2007 increased slightly to HK$991.3 million from HK$972.5 million in 2006.

The directors are pleased to recommend a final dividend of HK$0.02 per share for 2007 (2006: Nil) subject to the approval of the shareholders at the forthcoming annual general meeting.

Since becoming our largest shareholder in October 2006, CITIC Group has taken an active role in the Group's operation with the appointment of 5 executive directors (including the Group's Chief Financial Officer) to the Board and the Group's Chief Operating Officer.

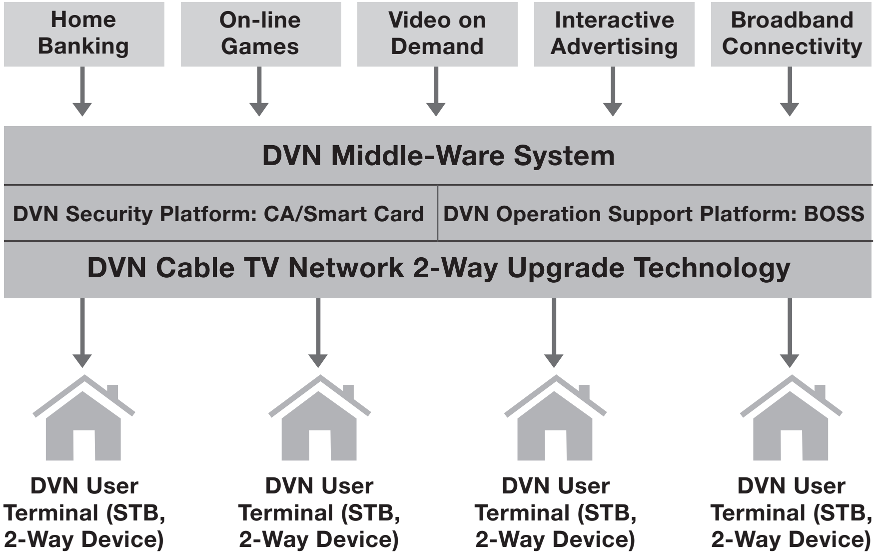
Digital Broadcasting Business

The Group primarily engages in the supply of digital TV ("DTV") systems for the China market, and is the largest DTV systems integrator in China and a leading innovator. China has the world's largest cable TV population at approximately 150 million households – more than the combined size of the cable TV markets in the US and EU – and its countrywide digitisation from analogue broadcasting, mandated by the government to complete by 2015, is generating huge demand for DTV systems.

For the Group, 2007 was full of challenges and rewards. Against an onetime exceptional first half in 2006, 2007 started on a quiet note; on top of the normal seasonal slowness during the first half, cable TV operators were waiting for direction from State Administration for Radio, Film and Television ("SARFT") on a potential phase-in period for digitisation before switching off analogue signals. SARFT's ruling to retain at least 6 analogue channels after digitisation, as a phase-in measure, affirmed central government's strong commitment to full digitisation and with this uncertainty resolved, orders started to pick up in the second half finishing the year with satisfactory growth.

Full year segmental profit from digital broadcasting business increased significantly from HK$80.1 million in 2006 to HK$147.7 million in 2007, representing an 84% year on year growth. Due to changes in sales mix, segmental revenue increased marginally to HK$970.1 million in 2007 from HK$955.1 million in 2006.

The Group is a DTV software and system developer with a full suite of DTV software, patented conditional access ("CA")/smart card technology, and proprietary set top boxes ("STB") designs and solutions, and leverages its technology advantage to provide an one-stop end-to-end total solution to analogue cable TV operators in China that are converting to digital broadcasting. Below is an illustration of the Group's offerings, where hardware manufacturing is out-sourced to, and future value added service ("VAS") related product content will also be developed by third parties.



One of the Group's key strengths is its ability to provide a full range of products and services that covers the entire spectrum of the DTV product/service chain; many competitors focus on a single DTV product or service.

STB represents the largest capital item in digitisation for cable TV operators. In 2007, the Group distributed hardware/software for approximately 3.2 million STBs, up from around 2.5 million in 2006.

One of the Group's largest contracts in 2007 was implementation of the first provincial interactive digital cable network – China Cable Television's Hainan provincial network. Interactivity is critical in the provision of VAS. Currently, the majority of China's cable network is still one way, and the Group owns an innovative interactivity technology, named Broadcasting and Interactivity over Cable ("BIOC"), that was developed specifically for China's cable networks. BIOC is one of the SARFT recommended technologies for two-way upgrade, and is also one of the most cost efficient technologies in the market.

In 2007, the Group made significant strides in R&D to maintain its industry leadership. On hardware, an agreement was reached with Intel Corporation ("Intel") in November to jointly develop a hybrid STB, based on the Intel CE 2110 Media Processor, for both cable and IP connectivity. On software, development for the Group's Business Operation Support System ("BOSS") was completed. BOSS is an open architecture software platform to support high volume and diversified DTV applications and VAS. One of the applications the Group is developing on BOSS is a joint project for DTV home-banking between CITIC Group and China Construction Bank. Furthermore, continuous effects in design improvements have yielded significant reduction in STB unit cost. In 2007, R&D personnel increased by 65 people to 331.

Provision of Financial Information

The revenue from the provision of financial information business of the Group for the year increased by 22% to HK$21.2 million (2006: HK$17.5 million). This segment reported a profit of HK$3.8 million (2006: HK$1.3 million) for the year.

The primary business of this business segment is the provision of online financial information through internet in Hong Kong and other parts of Asia. The improvement in the performance of this business segment was primarily due to the boom in the Hong Kong stock market in 2007.

Prospects

We expect orders from CITIC Group, our largest shareholder, will contribute significantly to our revenue in 2008 and in future years, initially for 2008 from Henan Province, a market with about 10 million cable TV households – 40% more than the Group's cumulative installation base of around 7 million households.

In the latest central government policy titled "Policies to Foster Developments in the Digital TV Industry" – the first (No. 1) policy issued by the General Office of the State Council in 2008, TV digitisation has being defined as an important component of the economy and a key element in China's ambition to become an information-based society. The goal is to complete digitisation in cities above county level for the entire eastern and middle zones and the majority of the western zone by 2010. Furthermore, DTV has being identified as an entry point in the government's drive towards "triple play" convergence. Under the new policy, TV operators can now provide value added telecommunication services in addition to DTV related services while telecom operators are permitted to invest in DTV networks. In addition, TV operators are also given permission to access capital market for funding. The government is also keen to encourage the development of the domestic DTV industry.

We believe the policy underpins rapid cable TV digitisation in China. As the largest DTV system supplier in the market and recognised as a top domestic brand, the Group will benefit from this continued strong growth. Besides the provision of total solution systems, the Group will begin to explore opportunities in single product solutions, such as CA/smart cards. The Group's sales and marketing will also be re-organised along product specific lines to better serve different customer requirements.

We see digitisation of China's TV broadcasting industry as a three stage process. The initial stage is platform building involving digitisation of the head-end at the cable TV operator's broadcasting centre. The main products include digital head-end hardware and software and CA systems. This stage has been underway for several years and is continuing as many cable TV operators are still broadcasting only analogue programmes. The second stage is digital migration from analogue to digital involving the digitisation of the user terminals, where the key revenue drivers are STBs and smart cards. This stage is now in a rapid growth phase which is expected to continue for some time as digital TV penetration is still only about 17%. The third stage is the commercialisation of China's TV operators from the role of a public utility provider to a profit oriented commercial entity similar to telecom operators, and a critical aspect of this stage is the development and deployment of VAS products and applications. Cable TV operators that have a diversified product offering to complement their cable TV services can significantly boost their APRU and thus their profitability.

The Group has spent the past two years developing VAS support platforms and technology. With the completion of BOSS development, the Group is equipped with a complete software platform to facilitate development and commercial operation of DTV VAS business: BOSS for operators to manage diversified activities and high volume traffic flow; middle-ware to suit development of DTV specific VAS contents and products; and CA to protect commercial interest for all related parties. Combining with its BIOC technology, the Group has a total solution package for two-way interactivity and VAS business deployment.

Operational Review

Sales and Marketing

The Group was able to achieve satisfactory year on year sales unit growth for 2007. Unlike previous years when a single contract would make up an overwhelming large percentage of the Group's entire sales of that year, 2007 sales were spread more evenly among a number of smaller contracts.

Products

Several new products were introduced into the market in 2007. Among them is our "Home Media Center", a high end STB that achieves convergence in one box by supporting all input/output configurations, all communication protocols, and all data formats. The current practice is for TV operators to provide only one free STB per household. However, a substantial percentage of households now own multiple TV sets-usually flat panel TVs, and need to purchase the additional STBs for the extra TVs. The Home Media Center targets this market segment where demand for STB upgrade is significant.

Cost Control

There were two aspects of the Group's cost control programme, with one focusing on product cost and the other on operating expenses. Through design improvements and better production planning/management, considerable savings were made on product cost. The Group also achieved savings in its operating expenses, with the total amount of 2007 operating expenses at HK$190.1 million (2006: HK$149.7 million) or about a 27% increase while the average number of employees increased by 31%.

Employees

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.

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 May 2007, the Group granted 58,202,000 share options to its eligible employees under the share option scheme.

The total number of employees of the Group as at 31 December 2007 was 793 (2006: 488), out of which 720 (2006: 416) employees were stationed in Mainland China. The number of employees as at 31 December 2007 categorised according to their functions is as follows:

Research and development	331
Sales and marketing	207
Technical support	77
Procurement and engineering support	51
Accounting and finance	38
Administration and management	89
	793

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 December 2007, the Group recorded total assets of HK$1,370.3 million (2006: HK$979.8 million) which were financed by liabilities of HK$335.6 million (2006: HK$255.0 million), minority interests of HK$117.8 million (2006: HK$117.8 million) and shareholders' equity of HK$916.9 million (2006: HK$607.0 million). The Group's net asset value per share as at 31 December 2007 amounted to HK$0.81 (2006: HK$0.56).

Last year, the Group further strengthened its financial position by issuing 50 million new shares raising HK$135 million in a "top-up placement" fund raising exercise. The Group did not have any material borrowings as at 31 December 2007 and has sufficient trading facilities available from its bankers for its daily operations.

Treasury Policies

The Group adopts conservative treasury policies and has tight 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 in light of the Group's funding requirements.

Exposure to Fluctuations in 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, all transactions are denominated in Renminbi. Given the appreciation of Renminbi against Hong Kong dollars during the year under review, no financial instrument was used for hedging purposes. It is expected that the appreciation of Renminbi would have a favourable impact on the Group.

Material Acquisitions and Disposals of Subsidiaries and Associates

The Group did not have any material acquisitions or disposals of subsidiaries and associates in 2007.

Charges on Assets

At 31 December 2007, the Group had bank deposit amounting to approximately HK$6 million pledged to a bank as security for general banking facilities.

Capital Commitments

The Group had capital expenditure commitments approximately HK$14.8 million as at 31 December 2007 (2006: Nil).

Contingent Liabilities

At 31 December 2007, the Company has a pending court case regarding infringement of certain European patents in the Netherlands. After seeking legal advice, the management considers that the chance of significant potential damages is remote and no provision is necessary to be made in the consolidated financial statements.

Apart from above mentioned, the Group did not have any significant contingent liabilities as at 31 December 2007 (2006: Nil).

EVENTS AFTER THE BALANCE SHEET DATE

On 10 March 2008, the Group has acquired 51% equity interest of an entity incorporated in the PRC for a consideration of US$3 million (equivalent to approximately HK$23 million). The principal activity of the acquired entity is the design and development of digital broadcasting network equipment and systems.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("AGM") of the Company for the year will be held on 12 June 2008. Notice of AGM and the circular containing details of the resolutions and the supplementary information will be published on the HKEXnews website and will be sent to the shareholders on or about 20 May 2008.

The Register of Members of the Company will be closed from Tuesday, 10 June 2008 to Thursday, 12 June 2008, both dates inclusive. During such period, no transfer of shares will be registered. In order to qualify for the proposed final dividend and attending AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on Friday, 6 June 2008. Subject to the shareholders' approval of the proposed final dividend at the AGM, payments of the dividend will be made and sent to the shareholders on or about 20 June 2008.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2007, except for the deviations in respect of the service term and the rotation of directors under code provisions A.4.1 and A.4.2 of the Code. Details of these deviations are already set out in the Group's audited consolidated financial statements for the year ended 31 December 2006. To comply with code provisions A.4.1 and 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 on 16 August 2007. Since then, the Company has complied with all code provisions of the Code.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

DIRECTORS

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

By Order of the Board
DVN (Holdings) Limited
Lui Pan
Chief Executive Officer

Hong Kong, 15 April 2008

** For identification purpose only*