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DVN (HOLDINGS) LIMITED
天地數碼(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00500)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
REVENUE	2	**759,833**	991,293
Cost of sales		**(460,693)**	(685,989)
Gross profit		**299,140**	305,304
Other income		**69,262**	51,487
Marketing, selling and distribution costs		**(100,524)**	(63,603)
Administrative expenses		**(150,595)**	(126,478)
Other operating expenses		**(27,547)**	(41,227)
Operating profit	4	**89,736**	125,483
Finance costs	5	**(1,866)**	(8)
Share of profits of associates		**4,358**	71
PROFIT BEFORE INCOME TAX		**92,228**	125,546
Income tax credits/(expenses)	6	**660**	(8,910)
PROFIT AFTER INCOME TAX		**92,888**	116,636
Dividends on preference shares		**–**	(1,453)
PROFIT FOR THE YEAR		**92,888**	115,183
Attributable to:			
Equity holders of the Company		**92,888**	115,183
Minority interests		**–**	–
		92,888	115,183
DIVIDENDS	7	**22,762**	22,762
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	8	**HK$0.08**	HK$0.10
Diluted	8	**HK$0.08**	HK$0.10

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**15,105**	11,872
Intangible assets		**68,710**	50,324
Interest in a jointly controlled entity		**–**	–
Interests in associates		**31,948**	1,846
Trade receivables		**327,551**	173,013
Deferred income tax assets		**9,638**	5,261
Total non-current assets		**452,952**	242,316
CURRENT ASSETS			
Inventories		**95,518**	141,554
Trade receivables	*9*	**443,345**	520,533
Prepayments, deposits and other receivables		**70,553**	52,761
Tax receivables		**10,206**	9,104
Pledged bank deposit		**6,000**	6,000
Short-term bank deposit		**10,000**	–
Cash and bank balances		**332,632**	397,995
Total current assets		**968,254**	1,127,947
CURRENT LIABILITIES			
Trade payables	*10*	**126,811**	222,915
Other payables and accruals		**89,368**	101,519
Bank loans		**21,723**	–
Tax payables		**1,154**	11,205
Obligations under finance leases		**–**	8
Total current liabilities		**239,056**	335,647
Net current assets		**729,198**	792,300
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,182,150**	1,034,616
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		**3,852**	–
Bank loans		**12,057**	–
Total non-current liabilities		**15,909**	–
Net assets		**1,166,241**	1,034,616
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares		**113,808**	113,808
Reserves		**934,675**	803,050
		1,048,483	916,858
Minority interests		**117,758**	117,758
Total equity		**1,166,241**	1,034,616

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 the Group's accounting period beginning on or after 1 January 2008 and are relevant to the Group's operations:

HKAS 39 (Amendment) and HKFRS 7 (Amendment)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The principal changes in accounting policies are as follows:

(a) HKAS 39 "Financial Instruments: Recognition and Measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, "Financial Instruments: Disclosures" introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

(b) HK(IFRIC) – Int 11 "HKFRS 2 – Group and Treasury Share Transactions" provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone financial statements of the parent and group companies. This interpretation does not have any impact on the Group's financial statements.

The following interpretations to published standards are mandatory for the Group's accounting periods beginning on or after 1 January 2008 but are not relevant to the Group's operations:

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

1.3 IMPACT OF STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment) and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedge Items
HKFRS 1 (Amendment) and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers

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	
	2008	2007
	HK$'000	*HK$'000*
Revenue from sales of goods	**691,610**	921,676
Revenue from design, integration and installation of platforms for digital broadcasting systems	**21,338**	9,624
Revenue from provision of international financial market information and selective consumer data	**24,307**	21,231
Licensing income	**18,501**	35,188
Leasing income	**4,077**	3,574
	759,833	991,293

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 systems, digital broadcasting systems and related software;

(ii) Financial market information business ("FMI Business") – 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 segment

An analysis of the Group's revenue, results and certain assets, liabilities and expenditure information for the year ended 31 December 2008 by business segment is as follows:

	DVB Business		FMI Business		Corporate		Unallocated		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**735,526**	970,062	**24,307**	21,231	**–**	–	**–**	–	**759,833**	991,293
Segment results	**115,644**	147,677	**1,988**	3,817	**(27,896)**	(26,011)	**–**	–	**89,736**	125,483
Finance costs	**(1,864)**	–					**(2)**	(8)	**(1,866)**	(8)
Share of profits of associates	**4,358**	71							**4,358**	71
Profit before income tax									**92,228**	125,546
Income tax credits/(expenses)									**660**	(8,910)
Profit after income tax									**92,888**	116,636
Dividends on preference shares									**–**	(1,453)
Profit for the year									**92,888**	115,183

	DVB Business		FMI Business		Corporate		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,290,552**	674,148	**11,292**	8,994	**87,414**	685,275	**1,389,258**	1,368,417
Interests in associates	**31,948**	1,846	**–**	–	**–**	–	**31,948**	1,846
Total assets	**1,322,500**	675,994	**11,292**	8,994	**87,414**	685,275	**1,421,206**	1,370,263
Segment liabilities	**241,471**	324,696	**4,192**	3,534	**9,302**	7,417	**254,965**	335,647
Capital expenditure	**44,356**	35,852	**223**	281	**35**	379	**44,614**	36,512
Depreciation	**3,821**	6,604	**186**	179	**132**	74	**4,139**	6,857
Amortisation	**19,570**	15,702	**–**	–	**–**	–	**19,570**	15,702

(b) Geographical segment

An analysis of the Group's revenue, assets and expenditure information for the year ended 31 December 2008 by geographical segment is as follows:

	Mainland China		Hong Kong		Other Southeast Asian countries		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**664,783**	885,720	**87,651**	97,801	**7,399**	7,772	**759,833**	991,293
Other segment information								
Segment assets	**1,222,820**	961,169	**196,338**	406,079	**2,048**	3,015	**1,421,206**	1,370,263
Capital expenditure	**38,400**	31,247	**6,138**	5,169	**76**	96	**44,614**	36,512

4. OPERATING PROFIT

The Group's operating profit is arrived at after charging:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold	**453,366**	680,166
Cost of provision of international financial market information and selective consumer data	**7,327**	5,823
Depreciation	**4,139**	6,857
Net loss on disposal of property, plant and equipment	**139**	400
Amortisation of deferred development costs	**19,570**	15,702
Write-off of deferred development costs	**969**	4,513
Provision for impairment of a jointly controlled entity	**–**	3,285
Provision for impairment of associates	**–**	1,207
Provision for impairment of goodwill in interests in associates	**–**	547
Provision for inventories	**1,000**	7,012
Provision for impairment of trade receivables, prepayments, deposits and other receivables	**5,868**	8,545

5. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**709**	–
Loan facility fee	**1,155**	–
Interest element of finance leases	**2**	8
	1,866	8

6. INCOME TAX CREDITS/(EXPENSES)

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current		
– Hong Kong	**(130)**	–
– outside Hong Kong — provision for the year	**(9,130)**	(8,051)
— prior years overprovision	**9,393**	–
Deferred income tax		
– Hong Kong	**(3,676)**	(859)
– outside Hong Kong	**4,203**	–
Total tax credits/(expenses) for the year	**660**	(8,910)

Hong Kong profits tax has been provided for at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits less estimated available tax losses.

Tax outside Hong Kong has been provided for 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 has been 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 (2007: HK$0.02 per share) for the year ended 31 December 2008 subject to the approval of shareholders at the forthcoming annual general meeting ("AGM").

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$92,888,000 (2007: HK$115,183,000) and the weighted average number of 1,138,081,432 (2007: 1,128,390,172) 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$92,888,000 (2007: 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:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Weighted average number of ordinary shares in issue	**1,138,081,432**	1,128,390,172
Adjustment for share options	**–**	6,862,889
Weighted average number of ordinary shares for diluted earnings per share	**1,138,081,432**	1,135,253,061

9. TRADE RECEIVABLES

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
0 - 6 months	**202,414**	433,079
7 - 12 months	**139,888**	87,347
Over 12 months	**111,277**	5,413
	453,579	525,839
Less: provision	**(10,234)**	(5,306)
	443,345	520,533

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 over a period of 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.

10. TRADE PAYABLES

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
0 - 6 months	**95,910**	198,448
7 - 12 months	**20,353**	16,147
Over 12 months	**10,548**	8,320
	126,811	222,915

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING REVIEW AND PROSPECTS

Overall Performance

Summary

In light of the rapid progression of the global financial tsunami, management decided to scale back its instalment sales program in the fourth quarter of the year and this scaling back together with the impact on sales caused by the delayed implementation of the Henan project until 2009 meant that the volume of sales was below what had initially been planned. There was also a general drop in the average selling prices ("ASP") in the markets for some of the main digital TV products in 2008. As a result, the Group's consolidated revenue for the year ended December 2008 retreated to HK$759.8 million or 23% decrease from HK$991.3 million in 2007. Consolidated net profit decreased to HK$92.9 million or 19% decrease from HK$115.2 million in 2007, influenced in part by sales and marketing expenses resulting from increased competition and also by the impact of the first full year cost of the Beijing office established in the second half of 2007.

Digital Broadcasting Business

The Group is one of the largest developers and suppliers of digital TV systems in China. Its products are marketed under the brand of "DVN/天柏". China is in the process of converting TV broadcasting from analogue to digital. There are about 400 million TV households in China and only about 45 million households have migrated to digital by 2008.

The Group's business was adversely affected by several external factors in 2008. The Henan Province digital mass migration project, a major project that initially scheduled to commence last year, was postponed to 2009 because the required government hearing for fee adjustment was delayed until the fourth quarter of 2008 as inflation control was still a key focus of government policies until October. In addition, the Group's operation was interrupted by the snow storm at the beginning of the year, the earth quake in May, and the Olympics in August during which period digital conversion projects across the country were essentially halted for 6-8 weeks. In the fourth quarter, observing the drastically changing business climate caused by the rapid progression of the global financial tsunami, management consciously decided to conserve resources and forgo short term pursuit of market share by scaling back new set top box ("STB") sales orders including instalment sales. Competition also caused market ASP of digital TV products, especially STB ASP, to fall in 2008.

After recording growth in the first half, both segmental revenue and profit from digital broadcasting business for the full year of 2008 were HK$735.5 million and HK$115.6 million respectively, corresponding to 24% and 22% decrease from 2007. In 2008, the Group distributed hardware and software for 2.4 million units of STB, down 25% from 3.2 million units in 2007.

The Group has acquired a reputation for being an industry pioneer and innovator, and offers one of the most comprehensive ranges of products and solutions in the market, including:

1. User terminal: STB solutions
BIOC (2-way networking solutions)
DASS (DVN Application Support System, a suite of STB application software and middleware)

2. Security system: Conditional Access System ("CA")/smart card

3. Head-end systems and software, including DVN Business Operation Support System (DBOSS)

In the second "China Digital TV Users Satisfaction Survey" jointly organised by a number of respected publications in October 2008, both the Group's STB and middleware software were recognised again for delivering the highest consumer satisfaction.

Ever since the Group successfully completed the first mass migration project for Qingdao in 2004, it has been a leading STB supplier and innovator in the market. As this product market develops, more suppliers have appeared including many of the leading domestic TV brands. In 2008, average STB market price dropped as a result of increased competition. In addition, the central government's credit tightening policy had led cable operators to place more emphasis on supplier credit. With the increasing commoditisation of the STB business, the Group has begun to focus more on opportunities and developments of user terminal software systems and user terminal networking products. The DASS software suite and BIOC networking devices are examples of such developments.

At the beginning of 2008, the Group initiated a strategy to create an open CA platform available to all STB suppliers through the launch of an independent CA/smart card division. The undertaking has been quite successful, with DVN CA solution now being adopted by over 40 STB suppliers and smart card shipment exceeded the Group's STB shipment for the first time in 2008.

A substantial DBOSS contract for approximately RMB35 million was signed at year end. Delivery is scheduled over the course of 2009-2010. Over 70% of the contract value will be DVN software.

The Group also received a number of trial orders for its BIOC products in 2008 indicating increasing interest from cable operators in the higher APRU potential from 2-way networks.

The Group's key new developments in 2008 include 2-way CA and DASS on the software side, and CA embedded USB dongle – a wireless antenna and descrambler on the hardware side. DASS is a key component in the Group's product strategy to advance its competitiveness from STB hardware to software, and a building block towards new digital TV application and value added service ("VAS") business. The DASS is an open software platform concept, which through the placing of an universal adopting software layer on top of the different STB operating systems, creates a homogeneous environment to develop application/VAS software independent of STB hardware differences; allows smooth operation of digital TV applications with hardware systems of multiple STB mixtures; and gives cable operators the freedom to change/up-grade hardware without interfering with the normal operation of applications/VAS. Since completing development, DASS has received warm response from cable operators.

During the year, the Group also undertook cost rationalisation exercises and has trimmed headcount.

Financial Market Information Business

Revenue from the Group's financial market information business unit for the year increased 14% to HK$24.3 million (2007: HK$21.2 million). However, segmental profit decreased to HK$2.0 million from HK$3.8 million in 2007.

The primary business of this unit is the provision of online financial information through internet in Hong Kong and other parts of Asia.

Prospects

Despite the current difficult business climate, we are confident about the mid to long term prospects of China's digital TV industry. In the central government's recent stimulus plan for the electronic and information industry, the promotion and propagation of digital TV was listed as one of the six key undertakings. Monetary easing since the last fourth quarter also should lead to new credits for cable operators to fund their digitisation plans. With less than seven years to go before the government's analogue switch off deadline in 2015 and only about 50 million households having completed digitisation, the future market demand for digital TV systems will be strong.

However, we remain cautious about the near term outlook of our industry. This outlook will depend on how strongly the Chinese economy can grow this year and, notwithstanding China's huge stimulus program, the growth of the Chinese economy will be affected by the global economic environment where large uncertainty will likely persist given the uncertain time lag for the several stimulus packages introduced in a number of countries to generate results. Management's cautious strategy in the fourth quarter places the Group in a better position to benefit from a pick up in economic growth in China while projects such as those in Henan and Chongqing will help support our business while we wait for the recovery in China's economic growth rate.

We always view the development of VAS would be the next logical step of progression for cable operators after digitisation, since the potential value of digitisation can only be realise through the higher ARPU of VAS. It appears this has begun to unfold. Market signs in 2008 point towards emerging demand from cable operators for 2-way network upgrade products and new digital TV applications, likely influenced by: competition from Telcos which now are permitted to offer value added TV services and the desire of cable operators to boost APRU particularly after the recent credit tightening. We believe this demand will soon become substantial given digitised TV users have reached a considerable size and potential funding from the government's stimulus package. The Group already has both hardware and software solutions for this emerging opportunity including: BIOC systems and devices for 2-way network upgrade; 2-way CA to meet security requirements in an interactive setting; DASS software suite as a bridge for new digital TV applications and VAS.

Based on experience in other markets, majority of VAS are interactive products while the basis of interactivity is a 2-way cable infrastructure. With 90% of China's cable network is currently one way, 2-way network upgrade becomes the essential first step in cable operators' post-digitisation developments. We also feel that VAS, like most new businesses, will most likely evolve along a path of least resistance/lowest cost. The Group's BIOC products offer the lowest cost 2-way upgrade technology with the simplest engineering requirements, allowing cable operators to achieve interactivity at the lowest risk and thus could maximise their 2-way user base to fertilise the development of VAS products and services.

We believe another key factor that could help to facilitate VAS developments, is the availability of application systems that could help cable operators to effectively organise and deliver VAS products on the one hand and simplify technical execution of new VAS products for service providers on the other hand. The DASS software suite is the Group's first product in this area.

The Group will continue to streamline its business and operations to rationalise cost, reduce capital requirements, and improve competitiveness.

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. 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.

The total number of employees of the Group as at 31 December 2008 was 736 (2007: 793), out of which 671 (2007: 720) employees were stationed in Mainland China. The number of employees as at 31 December 2008 categorised according to their functions is as follows:

Research and development	397
Sales and marketing	164
Technical support	50
Procurement and engineering support	17
Accounting and finance	27
Administration and management	81
	736

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 December 2008, the Group recorded total assets of HK$1,421.2 million (2007: HK$1,370.3 million) which were financed by liabilities of HK$255.0 million (2007: HK$335.6 million), minority interests of HK$117.8 million (2007: HK$117.8 million) and shareholders' equity of HK$1,048.4 million (2007: HK$916.9 million). The Group's net asset value per share (excluding minority interests) as at 31 December 2008 amounted to HK$0.92 (2007: HK$0.81).

The Group had a total cash and bank balance of HK$348.6 million (2007: HK$404.0 million) and bank borrowings of HK$33.8 million (2007: HK$Nil) as at 31 December 2008. Its gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, as at 31 December 2008 was 0.03 (2007: Negligible). The Group has sufficient banking facilities available from its bankers for its daily operations.

Treasury Policies

The Group adopts conservative treasury policies and has tight controls 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, most of the transactions are denominated in Renminbi. Due to limitations in financial markets and regulatory constraints in Mainland China, the Group has an increasing exposure to Renminbi as its investments in Mainland China increase. 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

In March 2008, the Group acquired 51% equity interest of an entity incorporated in the PRC for a consideration of approximately HK$12.7 million. The principal activity of the acquired entity is the design and development of digital broadcasting network equipment and systems.

Charges on Assets

At 31 December 2008, the Group had a bank deposit of HK$6 million and trade receivables of approximately HK$39.9 million pledged to banks as security for general banking facilities.

Future Plans for Material Investments or Capital Assets

The Group did not have any future plans for material investments or capital assets as at 31 December 2008.

Capital Commitments

The Group had no capital expenditure commitments as at 31 December 2008 (2007: HK$14.8 million).

Contingent Liabilities

The Company and the Group did not have any significant contingent liabilities as at 31 December 2008.

EVENTS AFTER THE BALANCE SHEET DATE

There has been no material event subsequent to the year end which requires adjustment of or disclosure in these consolidated financial statements.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company for the year will be held on 18 June 2009. 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 19 May 2009.

The Register of Members of the Company will be closed from Monday, 15 June 2009 to Thursday, 18 June 2009, both dates inclusive. During such period, no transfer of shares will be registered. In order to qualify for the proposed final dividend and attending the 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 4:30 pm on Friday, 12 June 2009. Subject to the shareholders' approval of the proposed final dividend at the AGM, payment of the dividend will be made and sent to the shareholders on or about 30 June 2009.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors who possess the appropriate business and financial experience and skills to understand financial statements. The Audit Committee is chaired by Mr Liu Tsun Kie and the other members of the Committee are Mr Chu Hon Pong and Mr Yap Fat Suan, Henry. The Audit Committee has adopted terms of reference which are in line with the Code on Corporate Governance Practices.

The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2008 including the accounting principles and policies adopted by the Company.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2008.

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 (Chairman), Dr Lui Pan (Chief Executive Officer), Mr Luo Ning, Mr Jin Wei, Mr Xu Qiang (Chief Operating Officer) and Mr Hu Qinggang (Chief Financial Officer) 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, 23 April 2009

* *For identification purpose only*