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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of DVN (Holdings) Limited (the "Company") is pleased to present the unaudited consolidated results and financial position of the Company and its subsidiaries (together, the "Group") for the six-month period ended 30 June 2010, together with the comparative figures for the corresponding period in 2009. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2010

		Six months ended 30 June	
	Note	**2010** **(Unaudited)** ***HK$'000***	2009 (Audited) *HK$'000* (Restated)
CONTINUING OPERATIONS			
Revenue	2	**171,132**	100,122
Cost of sales		**(123,604)**	(34,274)
Gross profit		**47,528**	65,848
Other income		**6,569**	5,337
Marketing, selling and distribution costs		**(21,412)**	(19,213)
Administrative expenses		**(40,403)**	(46,499)
Other operating expenses		**(13,427)**	(3,488)
Operating profit/(loss)		**(21,145)**	1,985
Finance costs	3	**–**	(1,698)
Share of loss of associates		**(235)**	(277)
Profit/(loss) before income tax		**(21,380)**	10
Income tax expenses	4	**(1,382)**	(2,255)
Loss for the period from continuing operations		**(22,762)**	(2,245)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	*5(a)*	**136,142**	44,515
PROFIT FOR THE PERIOD	*6*	**113,380**	42,270

	Note	Six months ended 30 June **2010** **(Unaudited)** ***HK$'000***	2009 (Audited) *HK$'000* (Restated)
Attributable to:			
Equity holders of the Company			
– continuing operations		**(22,762)**	(2,245)
– discontinued operations		**136,142**	44,515
		113,380	42,270
Non-controlling interests			
– continuing operations		**–**	–
– discontinued operations		**–**	–
		–	–
		113,380	42,270
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*7*		
– continuing operations		**(2.00 cents)**	(0.20 cents)
– discontinued operations		**11.95 cents**	3.91 cents
		9.95 cents	3.71 cents
DIVIDENDS	*8*	**11,395**	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**113,380**	42,270
Other comprehensive income		
– Currency translation differences	**13,472**	9,331
Other comprehensive income for the period, net of tax	**13,472**	9,331
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**126,852**	51,601
Attributable to:		
Equity holders of the Company	**126,852**	51,601
Non-controlling interests	**–**	–
	126,852	51,601

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Note	**30 June 2010 (Unaudited) *HK$'000***	31 December 2009 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**18,370**	16,077
Intangible assets		**33,830**	33,644
Interest in a jointly controlled entity		**–**	–
Interests in associates		**31,449**	31,266
Deferred income tax assets		**9,360**	7,719
Available-for-sale financial assets	*9*	**135,556**	–
Trade receivables		**186,548**	258,702
Total non-current assets		**415,113**	347,408
CURRENT ASSETS			
Inventories		**61,050**	47,632
Available-for-sale financial assets	*9*	**5,519**	–
Trade receivables	*10*	**481,581**	500,234
Prepayments, deposits and other receivables		**108,652**	89,545
Tax receivables		**4,474**	4,436
Pledged bank deposit		**6,000**	6,000
Short-term bank deposits		**27,186**	23,515
Cash and cash equivalents		**411,791**	304,110
		1,106,253	975,472
Assets of disposal group classified as held for sale	*5(b)*	**–**	41,451
Total current assets		**1,106,253**	1,016,923
CURRENT LIABILITIES			
Trade payables	*11*	**122,571**	77,616
Other payables and accruals		**111,293**	100,317
Bank loans		**4,445**	7,964
Tax payables		**7,122**	5,734
Total current liabilities		**245,431**	191,631
Net current assets		**860,822**	825,292
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,275,935**	1,172,700
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		**2,051**	3,892
Total non-current liabilities		**2,051**	3,892
Net assets		**1,273,884**	1,168,808
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**113,953**	113,808
Reserves		**1,042,173**	937,242
		1,156,126	1,051,050
Non-controlling interests		**117,758**	117,758
Total equity		**1,273,884**	1,168,808

Notes:

1.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements of the Company and its subsidiaries (together, the "Group") for the six-month period ended 30 June 2010 have been prepared in accordance with 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 should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee and the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets. The accounting policies applied 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 2009 except for the adoption of the new, amended and revised HKFRS, HKASs and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the HKICPA mandatory for accounting period beginning on 1 January 2010.

1.2 IMPACT OF NEW, AMENDED AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following amended HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2010 and are relevant to the Group's operations:

HKAS 7 (Amendment)	Classification of Expenditures on Unrecognised Assets
HKAS 18 – Appendix (Amendment)	Determining Whether an Entity is Acting as a Principal or as an Agent
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-settled Share-based Payment Transaction
HKFRS 5 (Amendment)	Disclosure of Non-current Assets (or Disposal Groups) Classified as Held for Sale and Discontinued Operations
HKFRS 8 (Amendment)	Disclosure of Information about Segment Assets

The impacts of the adoption of these amended HKFRSs on these condensed consolidated interim financial statements are as follows:

(a) HKAS 7 (Amendment) "Classification of Expenditures on Unrecognised Assets". This amendment states explicitly that only expenditures that result in recognition of an asset can be a cash flow from investing activities. It requires retrospective application. The adoption of this amendment does not have any impact on the presentation of the Group's consolidated statement of cash flows as the Group's accounting policy already complies with this amendment.

(b) HKAS 18 – Appendix (Amendment) "Determining Whether an Entity is Acting as a Principal or as an Agent". Additional guidance is added to the appendix of the standard to determine whether the Group is acting as a principal or as an agent. The features to consider are whether the Group (i) has the primary responsibility for providing the goods and services, (ii) has inventory risk, (iii) has the discretion to establish prices and (iv) bears the credit risk. This amendment does not have any impact on the Group's results of operations and financial position.

(c) HKFRS 2 (Amendment) "Share-based Payment – Group Cash-settled Share-based Payment Transaction". This amendment clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. This amendment does not have any impact on the Group's financial statements.

(d) HKFRS 5 (Amendment) "Disclosure of Non-current Assets (or Disposal Groups) Classified as Held for Sale and Discontinued Operations". This amendment specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale and discontinued operations. It also clarifies that the general requirements of HKAS 1 (Revised) "Presentation of Financial Statements" still apply, in particular paragraphs 15 (fair presentation) and 125 (sources of estimation uncertainty) of HKAS 1. This amendment does not have any impact on the Group's financial statements.

(e) HKFRS 8 (Amendment) "Disclosure of Information about Segment Assets". This amendment clarifies that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. It requires retrospective application. The adoption of this amendment does not have any impact on the presentation of the Group's financial statements.

The following amended HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2010, but are not relevant to the Group's operations:

HKAS 1 (Amendment)	Classification of the Liability Components of Convertible Instruments
HKAS 17 (Amendment)	Classification of Leases of Land and Buildings
HKAS 36 (Amendment)	Unit of Accounting for Goodwill Impairment Test
HKAS 39 (Amendment)	Embedded Repayment Penalties, Scope Exemption for Business Combination Contract and Cash Flow Hedge Accounting
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters

The following new, amended and revised standards, amendments and interpretations to existing standards have been issued, but are not effective for the Group's accounting period beginning on 1 January 2010 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKFRS 9	Financial Instruments
HK(IFRIC) – Int 13 (Amendment)	Customer Loyalty Programmes
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The Group has commenced an assessment of the impact of these new, amended and revised standards, amendments and interpretations to existing standards 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 SEGMENT INFORMATION

The chief operating decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources. The Group's operating segments are structured and managed separately according to the products and services provided by different strategic business units that the products and services offered are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(i) Digital broadcasting business ("DVB Business") – Design, development, integration and sales of smart cards, conditional access systems, 2-way cable network systems, digital set top boxes, digital broadcasting systems and the related software;

(ii) Financial market information business ("FMI Business") – Provision of online financial market information; and

(iii) Corporate – Corporate income and expenses.

As further explained in Note 5, the discontinued STB Business under the DVB Business has been classified as discontinued operation for the period.

An analysis of the Group's revenue, results and total assets information for the six-month period ended 30 June 2010 by operating segments is as follows:

	Unaudited						
	Continuing operations					Discontinued operations	Total
	DVB Business	FMI Business	Corporate	Unallocated	Sub-total	DVB Business	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue (from external customers)	**156,869**	**14,263**	**–**	**–**	**171,132**	**132,757**	**303,889**
Operating profit/(loss)	**(19,656)**	**2,207**	**(3,696)**	**–**	**(21,145)**	**133,692**	**112,547**
Finance costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share of loss of associates	**(235)**	**–**	**–**	**–**	**(235)**	**–**	**(235)**
Profit/(loss) before income tax					**(21,380)**	**133,692**	**112,312**
Income tax credit/(expenses)					**(1,382)**	**2,450**	**1,068**
Profit/(loss) for the period					**(22,762)**	**136,142**	**113,380**
Total assets	**1,438,197**	**23,387**	**59,782**	**–**	**1,521,366**	**–**	**1,521,366**

The total assets under the continuing operations of the DVB Business include those assets of the discontinued STB Business, which were not transferred to the Seller WFOE and still remain in the Group after the completion of the disposal of the STB Business.

An analysis of the Group's revenue, results and total assets information for the six-month period ended 30 June 2009 by operating segments is as follows:

	Audited						
	Continuing operations					Discontinued operations	Total
	DVB Business	FMI Business	Corporate	Unallocated	Sub-total	DVB Business	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Revenue (from external customers)	86,811	13,311	–	–	100,122	227,975	328,097
Operating profit/(loss)	6,687	2,385	(7,087)	–	1,985	49,977	51,962
Finance costs	(1,698)	–	–	–	(1,698)	–	(1,698)
Share of loss of associates	(277)	–	–	–	(277)	–	(277)
Profit before income tax					10	49,977	49,987
Income tax expenses					(2,255)	(5,462)	(7,717)
Profit/(loss) for the period					(2,245)	44,515	42,270
Total assets	539,090	18,629	61,854	8,057	627,630	863,697	1,491,327

3 FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Interest on bank borrowings	**–**	1,656
Loan facility fee	**–**	42
	–	1,698

4 INCOME TAX EXPENSES

	Six months ended 30 June 2010			Six months ended 30 June 2009		
	Continuing operations (Unaudited)	**Discontinued operations (Unaudited)**	**Total (Unaudited)**	Continuing operations (Audited)	Discontinued operations (Audited)	Total (Audited)
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000* (Restated)	*HK$'000* (Restated)	*HK$'000* (Restated)
Current						
– Hong Kong	**(367)**	**–**	**(367)**	(394)	–	(394)
– Outside Hong Kong						
– Provision for the period	**(1,043)**	**(672)**	**(1,715)**	(1,855)	(1,554)	(3,409)
– Over/(under) – provision in prior periods	**26**	**(306)**	**(280)**	(3)	(674)	(677)
	(1,384)	**(978)**	**(2,362)**	(2,252)	(2,228)	(4,480)
Deferred income tax						
– Hong Kong	**2**	**–**	**2**	(3)	–	(3)
– Outside Hong Kong	**–**	**3,428**	**3,428**	–	(3,234)	(3,234)
	2	**3,428**	**3,430**	(3)	(3,234)	(3,237)
Income tax credit/(expenses)	**(1,382)**	**2,450**	**1,068**	(2,255)	(5,462)	(7,717)

Taxes on income in the interim periods are accrued using the tax rates that would be applicable to expected total annual earnings.

Income tax expenses are recognised, based on management's best estimate of the weighted average annual income tax expected for the full financial year.

Hong Kong profits tax has been provided for at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits less estimated available tax losses arising in Hong Kong.

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.

PRC corporate income tax is provided for at the rate of 25% on the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose. Certain subsidiaries of the Group are entitled to preferential tax treatments including two years exemption followed by three years of a 50% tax deduction.

5 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 23 October 2009, the Company, Crystal Cube Limited (the "Seller", a wholly-owned subsidiary of the Company), Cisco Systems (HK) Limited (the "Acquirer") and Billion Champion International Limited (the "Subject Company", a then indirect wholly-owned subsidiary of the Company) entered into a share purchase agreement (the "Share Acquisition Agreement"), pursuant to which the Seller agreed to sell 100% of the issued share capital of the Subject Company to the Acquirer (the "Disposal").

On the same date, 億添視頻技術(上海)有限公司 (the "Seller WFOE", a then wholly-owned subsidiary of the Subject Company) and a number of the Company's indirect wholly-owned subsidiaries (the "Group Vendor Companies") entered into an asset purchase agreement (the "Asset Purchase Agreement"), pursuant to which the Group Vendor Companies would transfer the digital set top box business (the "STB Business", as defined in the Company's circular dated 27 November 2009, the "Circular") and the set top box assets (the "STB Assets", as defined in the Circular) to the Seller WFOE.

The Company completed the Closing (as defined in the Circular) of the Share Acquisition Agreement on 5 May 2010 and ceased to have any equity interest in the Subject Company and the Seller WFOE.

The following information represents the financial information of the STB Business presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" following the approval of the shareholders of the Company on 15 December 2009. In addition, comparative figures in the condensed consolidated income statement and the segment information in Note 2 for the six-month period ended 30 June 2009 have been restated to distinguish discontinued operations from continuing operations.

(a) Profit from the STB Business

The analysis of the profit from the STB Business is as follows:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
		(Restated)
Revenue	**132,757**	227,975
Cost of sales	**(108,281)**	(148,976)
Gross profit	**24,476**	78,999
Other income	**172,642**	19,957
Marketing, selling and distribution costs	**(14,602)**	(16,247)
Administrative expenses	**(15,229)**	(14,283)
Other operating expenses	**(33,595)**	(18,449)
Profit before income tax	**133,692**	49,977
Income tax credit/(expenses) *(Note 4)*	**2,450**	(5,462)
Profit for the period	**136,142**	44,515

Other income includes gain on disposal of STB Business of approximately HK$171,717,000 (2009: HK$Nil).

Other operating expenses include write-off of trade receivables, net, of approximately HK$23,200,000 (2009: HK$Nil), provision for impairment of trade receivables of approximately HK$2,998,000 (2009: HK$5,000,000), provision for impairment of other receivables of approximately HK$1,693,000 (2009: HK$Nil) and provision for inventories of approximately HK$598,000 (2009: HK$3,904,000).

Pursuant to the Asset Purchase Agreement, certain assets and liabilities (collectively, the "Non-disposed Items") which were historically associated with the STB Business are not disposed of by the Group. As these Non-disposed Items are an integral part of the STB Business, the profit from the STB Business for the six-month periods ended 30 June 2010 and 2009 includes the results of operations of these Non-disposed Items on the same basis as those assets to be disposed of by the Group.

(b) Analysis of the Assets of Disposal Group Classified as Held for Sale

The assets of the STB Business transferred to the Seller WFOE are as follows:

	30 June 2010 (Unaudited) ***HK$'000***	31 December 2009 (Audited) *HK$'000*
ASSETS		
Property, plant and equipment	–	1,691
Intangible assets	–	26,285
Inventories	–	13,475
	–	41,451

Pursuant to the Asset Purchase Agreement, all finished goods inventory and key components of the Group Vendor Companies at Closing, but excluding certain specified models of set top boxes, agreed to be purchased by the Acquirer at Closing ("STB Finished Goods Inventory") would form part of the assets of the STB Business for the Disposal. Since the value of STB Finished Goods Inventory is determinable only at Closing, the value of inventories included in the assets held for sale as at 31 December 2009, as disclosed above, was based on the carrying amount of the inventory items expected to be disposed of by management as at 31 December 2009.

(c) Analysis of the Cash Flows from Discontinued Operations

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
		(Restated)
Net cash generated from/(used in) operating activities	**96,079**	(3,749)
Net cash generated from/(used in) investing activities	**67,931**	(8,152)
	164,010	(11,901)

The cash flows of the STB Business for the six-month periods ended 30 June 2010 and 2009 are prepared based on the results of the STB Business as set out in Note 5(a) and the assets and liabilities directly attributable to the STB Business. As the treasury functions were centrally administered by the Company, the net inflows/(outflows) for the STB Business during the six-month periods ended 30 June 2010 and 2009 are dealt with in the current account with the Company.

The effect on the financial position and the total consideration received in respect of the disposal of the STB Business are as follows:

	30 June 2010
	HK$'000
Property, plant and equipment	**(1,038)**
Inventories	**(5,321)**
Intangible assets	**(23,243)**
Prepayments, deposits and other receivables	**(16,974)**
Other payables and accruals	**(5,456)**
	(52,032)

	Six months ended 30 June 2010
	HK$'000
Consideration received, satisfied in cash	**70,108**
Repayment of shareholders' loan	**38,829**
Cash and cash equivalents disposed of	**(38,934)**
Net cash inflow	**70,003**

6 PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Cost of inventories sold	**227,625**	179,164
Cost of provision of financial market information	**4,260**	4,086
Depreciation	**2,628**	2,124
Net exchange losses	**170**	1,000
Other operating expenses including:		
Amortisation of deferred development costs	**9,998**	11,649
Write-off of deferred development costs	**338**	299
Provision for inventories	**7,435**	4,467
Write-off of trade receivables, net	**23,200**	–
Provision for impairment of trade receivables	**3,655**	5,000
Provision for impairment of other receivables	**1,761**	–
Other income including:		
Interest income on bank balances	**(732)**	(2,126)
Interest accretions	**(1,700)**	(10,766)
Value-added tax refund	**(3,947)**	(9,030)
Net gain on disposal of property, plant and equipment	**–**	(37)
Government grants	**(612)**	(509)
Non-compete income	**(433)**	–
Gain on disposal of STB Business	**(171,717)**	–
Others	**(70)**	(2,826)

7 EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the Group's profit/(loss) from continuing operations and discontinued operations attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share for the period is based on the Group's profit/(loss) from continuing operations and discontinued operations attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares in issue 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	
	2010	2009
	(Unaudited)	(Audited)
Weighted average number of ordinary shares in issue	**1,139,058,780**	1,138,081,432
Adjustment for share options	**–**	–
Weighted average number of ordinary shares for diluted earnings per share	**1,139,058,780**	1,138,081,432

	2010	2009
	HK$'000	*HK$'000* (Restated)
Group's profit/(loss) attributable to the ordinary equity holders of the Company		
– continuing operations	**(22,762)**	(2,245)
– discontinued operations	**136,142**	44,515
	113,380	42,270

The basic and diluted earnings per share for the six-month periods ended 30 June 2010 and 2009 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the periods were anti-dilutive.

8 DIVIDENDS

The Board of the Company recommends to declare a special dividend of HK$0.01 per ordinary share (2009: Nil) for the six-month period ended 30 June 2010.

The special dividend proposed after the end of the reporting period has not been recognised as a liability as at 30 June 2010.

Special dividends attributable to the ordinary shareholders of the Company in respect of the year ended 31 December 2009 of HK$0.02 (2008: final dividend of HK$0.02) per ordinary share amounting to a total of approximately HK$22,791,000 (2008: HK$22,762,000) were declared by the Board of the Company on 24 April 2010, were approved by the shareholders of the Company in the Annual General Meeting on 21 June 2010 and were paid on 30 June 2010. Such dividends represented for 1,139,531,432 ordinary shares issued and outstanding as at 15 June 2010 and were accounted for in equity as an appropriation of retained earnings during the six-month period ended 30 June 2010 (2009: 1,138,081,432 ordinary shares).

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2010 (Unaudited) ***HK$'000***	31 December 2009 (Audited) *HK$'000*
Fair value of expected periodic adjustment payments for the disposal of STB Business	**141,075**	–
Less: Non-current portion	**(135,556)**	–
Current portion	**5,519**	–

The periodic adjustment payments are denominated in Renminbi and its fair value was calculated at a discount rate of 6.31% per annum.

10 TRADE RECEIVABLES

An aging analysis of the current trade receivables as at the financial position date is as follows:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within 6 months	**206,563**	308,249
7 - 12 months	**151,795**	77,800
Over 12 months	**137,292**	124,599
	495,650	510,648
Less: Provision for impairment	**(14,069)**	(10,414)
	481,581	500,234

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

At 30 June 2010, a wholly-owned subsidiary of the Company had factored trade receivables of approximately RMB4,303,000 (equivalent to approximately HK$4,939,000) (31 December 2009: RMB7,775,000 equivalent to approximately HK$8,849,000) with maturity dates ranged from 41 to 82 days (31 December 2009: 20 to 263 days) to a bank on a recourse basis for cash. The Group continued to retain the risks and rewards of ownership associated with those trade receivables. Accordingly, the bank advances from the factoring of the trade receivables have been accounted for as liabilities in the condensed consolidated statement of financial position.

11 TRADE PAYABLES

An aging analysis of the trade payables as at the financial position date is as follows:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within 6 months	**114,409**	67,574
7 - 12 months	**758**	127
Over 12 months	**7,404**	9,915
	122,571	77,616

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING REVIEW AND PROSPECTS

Overall Performance

Summary

The Group recorded consolidated revenue of HK$303.9 million for the first six months of 2010, representing a decline of 7% from the comparative 2009 figure of HK$328.1 million. The consolidated profit after tax for the six-month period ended 30 June 2010 increased about 168% to HK$113.4 million (2009: HK$42.3 million) as a result of the gain of HK$171.7 million from the disposal of the Group's set top box ("STB") business ("STB Business") to Cisco Systems (HK) Limited.

The Board of the Company recommends to declare a special dividend of HK$0.01 per ordinary share (2009: Nil) for the six-month period ended 30 June 2010.

Digital Broadcasting Business

For the six-month period ended 30 June 2010, revenue from the digital broadcasting business amounted to HK$289.6 million as compared to HK$314.8 million for the corresponding period in 2009, reflecting the impact of a temporary industry wide slow down in digitisation during the first quarter of this year, continuing price decline in the market, and the decline in the STB Business after the completion of the disposal of the STB Business on 5 May 2010.

The pace of digitisation was below expectation in the first quarter of 2010 as a result of adjustments made in light of the State Council's decision on network convergence and triple play in January. A significant number of procurement tenders were postponed as cable TV operators revised their existing digital conversion engineering blueprints and technical specifications in order to incorporate 2-way network upgrades and interactivity features. The strong government drive to consolidate cable networks at the provincial level also led to many city and county level cable TV operators to put on hold their digitisation schedules. Heavy snow storms at the start of the year also affected the execution of sales orders in the northern provinces.

By the end of the second quarter, nineteen provinces have completed their cable network consolidation and the remaining others are pressing forward. The speed of digital conversion began to rebound in the second quarter and a substantial improvement in the second half of 2010 is expected.

The segmental operating profit of the digital broadcasting business for the six-month period ended 30 June 2010 amounted to HK$114.0 million, representing a 101% increase from HK$56.7 million for the corresponding period in 2009. The increase in operating profit was mainly attributable to the gain on the disposal of the STB Business of HK$171.7 million although write-off of trade receivables, net, of HK$23.2 million, provision for impairment of trade receivables of HK$3.7 million, provision for impairment of other receivables of HK$1.8 million and provision for inventories of HK$7.4 million were made during the current period.

Financial Market Information Business

The revenue from the financial market information business recorded an increase of 7% to HK$14.3 million for the six-month period ended 30 June 2010 (2009: HK$13.3 million). However, its operating profit dropped by 7% to HK$2.2 million (2009: HK$2.4 million) as a result of the increase in operating expenses.

Prospects

Triple play or network convergence has become the most dominant factor influencing the development of cable TV in the PRC for the next several years. Six months subsequent to the State Council's decision in January 2010 on accelerating triple play development, the central government announced in July details of the trial stage triple play operation policy and the names of the 12 trial site cities thus officially launched triple play into the implementation stage. At the same time, the State Administration of Radio, Film and Television is aggressively promoting the development of next generation broadcasting network ("NGB") as the digital TV triple play platform.

With the disposal of the STB Business to Cisco Systems (HK) Limited finally completed in May, the Group has devoted its resources to pursue opportunities generated from triple play and NGB. The development focus will be in three key areas on the value chain where the Group exhibits demonstrated strength – network infrastructure, application platform, network security and copyright management.

Network Infrastructure

2-way cable network upgrade will be the most pressing issue facing cable TV operators preparing for network convergence and triple play. At the moment, about 90% of the 170 million cable TV households in China are still one-way.

The Group's unique combination of no-frills narrow band device (DOC) and price competitive broadband device (WOC) has found significant appeal with cable TV operators. Given most of the current interactive TV services only required limited return path bandwidth, cable TV operators could select the narrow band device as their standard installation while providing the broadband device only to subscribers of high volume services. This represents a more capital efficient approach for cable TV operators to upgrade their network infrastructure. The Group is in discussions with a number of provincial cable TV operators to supply narrow band + broadband upgrade solutions.

The Group has finished development and will soon release a new series of 2-way upgrade products that is based on technologies that utilise the bottom section of the coaxial cable frequency spectrum for return path, whereas its existing products such as WOC and DOC utilise the top section of the same spectrum. This is mainly due to the uneven conditions of China's cable network at different locations that sometimes cause the low frequency environment be more suitable than the higher spectrum. With the new addition, the Group will boost a full range of 2-way upgrade product solutions. The Group is exploring potential strategic cooperation with a leading telecom equipment supplier for these products.

Application Platform

One of the key objectives of NGB is to convert, in an interactive and triple play environment, the role of TV and STB from that of a pure passive viewing platform into a more comprehensive platform with capabilities of networking and other application tools aimed to deliver convenience at home. To enable these capabilities, new application driven software systems must be added to TVs and STBs.

The Group's DASS (DVN Application Support System) product is an application software system developed with the purpose to equip TV with new application tools. Some of the existing application features such as TV Widget, TV Wiki, real time weather and stock quote, and TV leisure games were developed with the intent to induce TV viewer interest, since using TV as a tool is a habit that will need to be nurtured at the beginning. The system is also designed as an open platform that allows for third party developers to easily add new application features, and is compatible with different hardware systems. The Group is offering trial installation to cable TV operators and is working with TV manufacturers to include the software as a standard feature on TV sets. The strategy is to rapidly expand the system's installation base, so that maintenance fee in the future for upgrades and licensing fee from third party developers can generate a continuous income stream for the Group.

The Hongkou District government in Shanghai is building an open access public digital TV platform to encourage development of new digital TV application products. The Group was selected to supply the application support system to the project as a result of the open design concept of DASS and its large library of design tools.

Network Security and Copyright Management

The Group is expanding the scope of its security product from conditional access system (CA) into digital rights management system (DRM). CA is a system design mainly for traditional TV broadcasting applications that concentrates on providing security for the transmission of content on a simple path from the cable TV operator's head end to the authorised users' STBs. DRM is a more broad based access control concept that allows hardware manufacturers, publishers, copyright holders and individuals to impose limitations on the usage of digital content and devices, given that interactive and triple play applications often involve multiple content and service providers, and more complex content transmission pathways.

The Group is one of the leading CA providers in China with the second highest total CA card installed base in the market and, over the years, has developed one of the highest security standard CA systems in the market. This extensive application knowledge derived from years of CA and STB research and development was transferred into the development of the Group's first commercial DRM system, DDRM (DVN Digital Rights Management), which is designed as an operational support tool for the cable TV industry.

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. No share options were granted to any eligible directors or employees by the Company during the six-month period ended 30 June 2010 (2009: Nil).

The total number of employees of the Group as at 30 June 2010 was 467 (31 December 2009: 635), out of which 405 (31 December 2009: 572) employees were stationed in Mainland China. The significant decrease in the total number of employees was mainly resulted from the completion of the disposal of the Group's STB Business in early May this year. The number of employees as at 30 June 2010 categorised according to their functions is as follows:

Research and development	231
Sales and marketing	106
Technical support	13
Procurement and engineering support	29
Accounting and finance	27
Administration and management	61
	467

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2010, the Group recorded total assets of HK$1,521.4 million (31 December 2009: HK$1,364.3 million) which were financed by liabilities of HK$247.5 million (31 December 2009: HK$195.5 million), non-controlling interests of HK$117.8 million (31 December 2009: HK$117.8 million) and shareholders' equity of HK$1,156.1 million (31 December 2009: HK$1,051.0 million). The Group's net asset value per share (excluding non-controlling interests) as at 30 June 2010 amounted to HK$1.01 (31 December 2009: HK$0.92).

The Group had a total cash and bank balance of HK$445.0 million (31 December 2009: HK$333.6 million) and bank borrowings of HK$4.4 million (31 December 2009: HK$8.0 million) as at 30 June 2010. Its gearing ratio, measured on the basis of total borrowings as a percentage of shareholders' equity, as at 30 June 2010 was 0.004 (31 December 2009: 0.008). 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 ("HKD"), Renminbi ("RMB") and United States dollars ("USD"). Surplus cash is generally placed in short-term bank 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 HKD and USD. The exchange rate of USD against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, almost all of the transactions are denominated in RMB. Due to limitations in financial markets and regulatory constraints in Mainland China, the Group has an increasing exposure to RMB as its investments in Mainland China increase. Given the appreciation of RMB against HKD during the period under review and no financial instrument was used for hedging purposes, it is expected that the appreciation of RMB would have a favourable impact on the Group.

Material Acquisitions and Disposals of Subsidiaries and Associates

On 23 October 2009, the Group entered into a share acquisition agreement and an asset purchase agreement in relation to the disposal of the Group's STB Business. Details of the disposal are set out in the announcement of the Company dated 2 November 2009 and the circular of the Company dated 27 November 2009. The disposal was completed on 5 May 2010.

Save as mentioned above, the Group did not have any material acquisitions or disposals of subsidiaries and associates during the six-month period ended 30 June 2010.

Charges on Assets

At 30 June 2010, the Group had a bank deposit of HK$6.0 million (31 December 2009: HK$6.0 million) and trade receivables of approximately HK$4.9 million (31 December 2009: HK$8.8 million) pledged to banks as securities for general banking facilities.

Future Plans for Material Investments or Capital Assets

On 18 August 2010, the Group entered into an agreement to subscribe for approximately 33.33% of the then enlarged registered capital of Beijing Tongfang Ehero Technology Co., Ltd. for a total consideration of RMB30 million (equivalent to approximately HK$34.5 million). Details of the investment are set out in the announcement of the Company dated 18 August 2010.

Save as mentioned above, the Group did not have any future plans for material investments or capital assets as at 30 June 2010.

Capital Commitments

The Group had no material capital expenditure commitments as at 30 June 2010.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 8 September 2010 to Friday, 10 September 2010, both dates inclusive. During such period, no transfer of shares will be registered. In order to qualify for the proposed special dividend, 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 Tuesday, 7 September 2010. The payment of the special dividend will be made and sent to the shareholders on or about 30 September 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the six-month period ended 30 June 2010. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six-month period ended 30 June 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the principles in the Code on Corporate Governance Practices (the "Code") and has complied with the code provisions of the Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the interim report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules 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 RESULTS AND INTERIM REPORT

The 2010 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 The Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.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
Chief Executive Officer

Hong Kong, 20 August 2010

At the date of this announcement, the Board of the Company comprises the 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 the independent non-executive directors of Mr Chu Hon Pong, Mr Liu Tsun Kie and Mr Yap Fat Suan, Henry.

** For identification purpose only*