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-MONTH PERIOD ENDED 30 JUNE 2013

The board of directors (the "Board") of DVN (Holdings) Limited (the "Company") presents the unaudited consolidated results and financial position of the Company and its subsidiaries (together, the "Group") for the six-month period ended 30 June 2013, together with the comparative figures for the corresponding period in 2012. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six-month period ended 30 June 2013

		Six-month period ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS			
Revenue	*2*	**17,679**	36,482
Cost of sales		**(4,756)**	(5,934)
Gross profit		**12,923**	30,548
Other income and other gains/(losses), net		**(4,943)**	7,531
Marketing, selling and distribution costs		**(3,073)**	(4,280)
Administrative expenses		**(24,894)**	(21,243)
Other operating income/(expenses), net		**175**	(357)
Operating profit/(loss)		**(19,812)**	12,199
Share of loss of joint ventures		**(8,411)**	(6,952)
Share of loss of associates		**(2,789)**	(811)
Profit/(loss) before income tax		**(31,012)**	4,436
Income tax credit/(expenses)	*3*	**198**	(3,155)
Profit/(loss) for the period from continuing operations		**(30,814)**	1,281
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	*4(b)*	**(20,428)**	(217,303)
LOSS FOR THE PERIOD	*5*	**(51,242)**	(216,022)

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*
For the six-month period ended 30 June 2013

	Note	**Six-month period ended 30 June 2013 (Unaudited) *HK$'000***	2012 (Unaudited) *HK$'000*
Attributable to:			
Equity holders of the Company			
– Continuing operations		**(30,814)**	1,330
– Discontinued operations		**(20,428)**	(217,303)
		(51,242)	(215,973)
Non-controlling interests			
– Continuing operations		**–**	(49)
– Discontinued operations		**–**	–
		–	(49)
		(51,242)	(216,022)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*6*		
– Continuing operations		**(2.71) cents**	0.12 cents
– Discontinued operations		**(1.79) cents**	(19.07) cents
		(4.50) cents	(18.95) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2013

	Six-month period ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(51,242)**	(216,022)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
– Currency translation differences	**11,199**	(7,090)
Other comprehensive income/(loss) for the period, net of tax	**11,199**	(7,090)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(40,043)**	(223,112)
Attributable to:		
– Equity holders of the Company	**(40,043)**	(223,063)
– Non-controlling interests	**–**	(49)
	(40,043)	(223,112)
Total comprehensive loss attributable to equity owners of the Company arising from:		
– Continuing operations	**(19,821)**	(5,516)
– Discontinued operations	**(20,222)**	(217,547)
	(40,043)	(223,063)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	**30 June 2013 (Unaudited)** *HK$'000*	31 December 2012 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,964**	5,110
Interests in joint ventures		**(258)**	8,019
Interests in associates		**34,832**	41,230
Available-for-sale financial assets	*8*	**–**	10,680
Total non-current assets		**39,538**	65,039
CURRENT ASSETS			
Available-for-sale financial assets	*8*	**27,436**	38,264
Trade receivables	*9*	**46,417**	140,180
Prepayments, deposits and other receivables		**31,834**	48,711
Tax receivables		**1,902**	1,888
Short-term bank deposits		**125,534**	–
Cash and cash equivalents		**556,785**	600,993
Total current assets		**789,908**	830,036
CURRENT LIABILITIES			
Trade payables	*10*	**19,862**	27,946
Other payables and accruals		**40,008**	54,045
Tax payables		**8,029**	9,167
Total current liabilities		**67,899**	91,158
Net current assets		**722,009**	738,878
TOTAL ASSETS LESS CURRENT LIABILITIES		**761,547**	803,917
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		**23,966**	26,293
Net assets		**737,581**	777,624
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		**113,953**	113,953
Reserves		**507,378**	547,421
		621,331	661,374
Non-controlling interests		**116,250**	116,250
Total equity		**737,581**	777,624

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 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). These condensed consolidated interim financial statements have not been audited but 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 for the six-month period ended 30 June 2013 have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments. 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 2012.

1.2 IMPACT OF NEW, AMENDED AND REVISED HKFRSs

In the current period, the Group has adopted all the new and amended HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA which are mandatory and relevant to the Group's operations for the accounting period beginning on 1 January 2013. The adoption of these new and amended HKFRSs does not have any material impact on the Group's financial statements for the period, except for the adoption of HKFRS 11 "Joint Arrangements" as follows:

Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangements. In accordance with HKFRS 11, a joint venture is accounted for by the Group using the equity method under HKAS 28 (2011) "Investments in Associates and Joint Ventures", while assets, liabilities, revenue and expenses of a joint operation are apportioned between the joint operators in accordance with the agreement. As each investor of the joint arrangements invested by the Group has joint control and rights to the net assets of the arrangements, the Group's investments in the joint arrangements are joint ventures and are accounted for by the Group using the equity method under HKAS 28 (2011). The adoption of this HKFRS does not have any material financial impact on the Group.

The following new and amended HKFRSs have been issued, but are not effective for the Group's accounting period beginning on 1 January 2013 and have not been early adopted:

HKAS 27 (2011) (Amendment), HKFRS 10 (Amendment) and HKFRS 12 (Amendment)	Investment Entities
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKFRS 9	Financial Instruments
HKFRS 9 (Amendment) and HKFRS 7	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HK(IFRIC) – Int 20	Levies

The Group has commenced an assessment of the impact of these new and amended HKFRSs 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 has been identified as the Board of the Company. Management has determined the operating segments based on the internal reports reviewed by the Board of the Company that are used 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) Advertising agency business ("AA Business") – Provision of advertising agency services;

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

(iii) Direct Investments – Other direct investments of information technology business; and

(iv) 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.

Others include corporation income and expenses and others.

As further explained in Note 4, the discontinued STB Business, the DB Business and the DBOSS Business (as defined in Note 4) under the DVB Business have been classified as discontinued operations.

An analysis of the Group's revenue, results, total assets and total liabilities information for the six-month period ended 30 June 2013 by operating segments is as follows:

	Unaudited							
	Continuing operations						Discontinued operations	
	AA Business *HK$'000*	FMI Business *HK$'000*	Direct Investments *HK$'000*	DVB Business *HK$'000*	Others *HK$'000*	Sub-total *HK$'000*	DVB Business *HK$'000*	Total *HK$'000*
Revenue (from external customers)	1,150	13,695	–	2,834	–	17,679	–	17,679
Depreciation	223	71	–	–	718	1,012	–	1,012
Amortisation	–	–	–	–	–	–	–	–
Operating profit/(loss) *(Note (i))*	(3,285)	(783)	(13,135)	6,085	(8,694)	(19,812)	(23,094)	(42,906)
Share of loss of joint ventures	(7,274)	–	(1,137)	–	–	(8,411)	–	(8,411)
Share of loss of associates	–	–	(2,789)	–	–	(2,789)	–	(2,789)
Loss before income tax						(31,012)	(23,094)	(54,106)
Income tax credit						198	2,666	2,864
Loss for the period						(30,814)	(20,428)	(51,242)
Total assets *(Note (ii))*	122,324	22,927	53,033	27,436	603,726	829,446	–	829,446
Total liabilities *(Note (iii))*	29,595	8,993	23,011	23,919	6,347	91,865	–	91,865

An analysis of the Group's revenue, results, total assets and total liabilities information for the six-month period ended 30 June 2012 by operating segments is as follows:

	Unaudited							
	Continuing operations						Discontinued operations	
	AA Business *HK$'000*	FMI Business *HK$'000*	Direct Investments *HK$'000*	DVB Business *HK$'000*	Others *HK$'000*	Sub-total *HK$'000*	DVB Business *HK$'000*	Total *HK$'000*
Revenue (from external customers)	17,899	14,382	–	4,201	–	36,482	150,935	187,417
Depreciation	306	112	–	–	–	418	2,529	2,947
Amortisation	–	–	–	–	–	–	7,152	7,152
Operating profit/(loss) *(Note (i))*	10,994	628	–	8,487	(7,910)	12,199	(195,502)	(183,303)
Share of loss of joint ventures	(6,014)	–	(938)	–	–	(6,952)	–	(6,952)
Share of loss of associates	–	–	(811)	–	–	(811)	–	(811)
Profit/(loss) before income tax						4,436	(195,502)	(191,066)
Income tax expenses						(3,155)	(21,801)	(24,956)
Profit/(loss) for the period						1,281	(217,303)	(216,022)
Total assets *(Note (ii))*	151,498	24,663	108,019	336,379	13,456	634,015	623,310	1,257,325
Total liabilities *(Note (iii))*	30,063	9,202	53,569	31,722	38,252	162,808	188,153	350,961

Notes:

(i) The operating profit under the continuing operations of the DVB Business for the six-month period ended 30 June 2013 is stated after crediting, inter alia, the technology licensing income of HK$2,834,000 (2012: HK$4,201,000), the non-compete income of HK$866,000 (2012: HK$1,298,000) and interest income from the expected periodic adjustment payments of HK$894,000 (2012: HK$4,624,000), of the discontinued STB Business, which have not been transferred to the Purchaser (as defined in Note 4) upon the completion of the DB Disposal (as defined in Note 4).

(ii) The total assets under the continuing operations of the DVB Business as at 30 June 2013 represent the expected periodic adjustment payments classified as available-for-sale financial assets of the discontinued STB Business, which has not been transferred to the Purchaser upon the completion of the DB Disposal.

The total assets under the continuing operations of the DVB Business as at 30 June 2012 include those assets, which mainly represent DVB Business related cash and cash equivalents, inventories, prepayments and the expected periodic adjustment payments classified as available-for-sale financial assets of the discontinued STB Business, which have not been transferred to the Purchaser upon the completion of the DB Disposal.

(iii) The total liabilities under the continuing operations of the DVB Business represent the deferred income tax liabilities provided for the expected periodic adjustment payments classified as available-for-sale financial assets and the deferred income of the discontinued STB Business.

3 INCOME TAX CREDIT/(EXPENSES)

	Six-month period ended 30 June 2013			Six-month period ended 30 June 2012		
	Continuing operations (Unaudited) ***HK$'000***	**Discontinued operations (Unaudited)** ***HK$'000***	**Total (Unaudited)** ***HK$'000***	Continuing operations (Unaudited) *HK$'000*	Discontinued operations (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Current income tax						
– Hong Kong						
– Provision for the period	**(16)**	**–**	**(16)**	(146)	–	(146)
– Outside Hong Kong						
– Provision for the period	**(346)**	**–**	**(346)**	(3,009)	(8,770)	(11,779)
– Adjustment in respect of prior periods	**560**	**–**	**560**	–	(4,857)	(4,857)
	198	**–**	**198**	(3,155)	(13,627)	(16,782)
Deferred income tax						
– Outside Hong Kong	**–**	**2,666**	**2,666**	–	(8,174)	(8,174)
	–	**2,666**	**2,666**	–	(8,174)	(8,174)
Income tax credit/(expenses)	**198**	**2,666**	**2,864**	(3,155)	(21,801)	(24,956)

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 estimate of the weighted average annual income tax expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period.

Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the application rates of taxation prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The corporate income tax in Mainland China has been provided at the rate of 25% (2012: 25%) on the profits for the Mainland China statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the Mainland China 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 reduction.

4 DISCONTINUED OPERATIONS

(a) Discontinued Operations

(I) 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, pursuant to which the Seller agreed to sell 100% of the issued share capital of the Subject Company to the Acquirer (the "STB 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") and the set top box assets (the "STB Assets") to the Seller WFOE.

The STB Disposal and the transfer of the STB Business and the STB Assets were completed on 5 May 2010 and the Group ceased to have any equity interest in the Subject Company and the Seller WFOE.

(II) On 3 July 2012, the Company entered into a conditional agreement (the "Conditional Agreement") with Jinhui Holdings Limited (the "DB Purchaser"), pursuant to which the Company agreed to sell and the DB Purchaser agreed to purchase, the entire issued share capital of Allsure Limited ("Allsure"), a then wholly-owned subsidiary of the Company, and certain other relevant assets of the Group relating to the digital broadcasting business of the Group, which include, inter alia, design, development, integration and sales of smart cards, conditional access systems, 2-way cable network systems, digital broadcasting systems and the related software (the "DB Business", which is one of the major components of the Group's DVB Business) (the "DB Disposal") at an aggregate consideration of approximately RMB128,000,000 (equivalent to approximately HK$157,413,000).

Upon the completion of the DB Disposal on 17 October 2012, the Group ceased to have any equity interest in Allsure. Certain DB Business related inventories and prepayments, which had not been transferred to the DB Purchaser pursuant to the Conditional Agreement, had been subsequently disposed of by the Group.

(III) On 30 August 2012, 天柏寬帶網絡科技(北京)有限公司 (the "DBOSS Vendor"), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with AVIT Ltd. (深圳市佳創視訊技術股份有限公司) (the "DBOSS Purchaser"), pursuant to which the DBOSS Vendor agreed to sell and the DBOSS Purchaser agreed to purchase, the entire paid-up capital of 天柏寬帶網絡技術(北京)有限公司, a then wholly-owned subsidiary of the DBOSS Vendor relating to the Group's operation of the DVN Business Operation Support System (the "DBOSS Business") (the "DBOSS Disposal") at an aggregate consideration of RMB27,000,000 (equivalent to approximately HK$33,150,000).

Upon the completion of the DBOSS Disposal on 19 November 2012, the Group ceased to engage in all its existing DVB Business except the non-compete income and the conditional access and middleware licence fee relating to the disposal of the STB Business in 2010 for accounting purpose, which are recognised over a period of three years from 6 May 2010.

(b) Profit/(Loss) from Discontinued Operations

The analysis of the profit/(loss) from the STB Business, the DB Business and the DBOSS Business presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" is as follows:

	Six-month period ended 30 June 2013 (Unaudited)				Six-month period ended 30 June 2012 (Unaudited)			
	STB Business *HK$'000*	**DB Business** *HK$'000*	**DBOSS Business** *HK$'000*	**Total** *HK$'000*	STB Business *HK$'000*	DB Business *HK$'000*	DBOSS Business *HK$'000*	Total *HK$'000*
Revenue *(Note 2)*	**–**	**–**	**–**	**–**	–	146,017	4,918	150,935
Cost of sales	**–**	**–**	**–**	**–**	–	(63,237)	–	(63,237)
Gross profit	**–**	**–**	**–**	**–**	–	82,780	4,918	87,698
Other income and other gains, net	**–**	**–**	**–**	**–**	–	8,618	–	8,618
Marketing, selling and distribution costs	**–**	**–**	**–**	**–**	–	(29,077)	(2,687)	(31,764)
Administrative expenses	**–**	**–**	**–**	**–**	–	(45,094)	(5,367)	(50,461)
Other operating expenses *(Note (i))*	**–**	**–**	**–**	**–**	–	(214,368)	(396)	(214,764)
Loss before income tax	**–**	**–**	**–**	**–**	–	(197,141)	(3,532)	(200,673)
Income tax expenses *(Note 3)*	**–**	**–**	**–**	**–**	–	(21,801)	–	(21,801)
Loss after tax of discontinued operations	**–**	**–**	**–**	**–**	–	(218,942)	(3,532)	(222,474)
Change in value on available-for-sale financial assets	**–**	**–**	**–**	**–**	5,171	–	–	5,171
Impairment of available-for-sale financial assets *(Note 8)*	**(23,094)**	**–**	**–**	**(23,094)**	–	–	–	–
Income tax credit *(Note 3)*	**2,666**	**–**	**–**	**2,666**	–	–	–	–
After-tax gain/(loss) recognised on disposal	**(20,428)**	**–**	**–**	**(20,428)**	5,171	–	–	5,171
Profit/(loss) for the period	**(20,428)**	**–**	**–**	**(20,428)**	5,171	(218,942)	(3,532)	(217,303)
Profit/(loss) attributable to:								
Equity holders of the Company	**(20,428)**	**–**	**–**	**(20,428)**	5,171	(218,942)	(3,532)	(217,303)
Non-controlling interests	**–**	**–**	**–**	**–**	–	–	–	–
	(20,428)	**–**	**–**	**(20,428)**	5,171	(218,942)	(3,532)	(217,303)

Notes:

(i) Other operating expenses including:

Provision for impairment of trade receivables	**–**	**–**	**–**	**–**	–	155,974	–	155,974
Provision for impairment of other receivables	**–**	**–**	**–**	**–**	–	32,566	–	32,566
Provision for inventories	**–**	**–**	**–**	**–**	–	10,283	–	10,283

(ii) During the six-month period ended 30 June 2012, additional provision for impairment of trade receivables of approximately HK$155,974,000 was made after taking into account of financial difficulties of the trade debtors, delinquency in payments, business relationship and transaction volumes with the trade debtors, and the past due aging analysis of trade receivables.

(c) Analysis of the Cash Flows from Discontinued Operations

	Six-month period ended 30 June 2013				Six-month period ended 30 June 2012			
	(Unaudited)				(Unaudited)			
	STB Business	**DB Business**	**DBOSS Business**	**Total**	STB Business	DB Business	DBOSS Business	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net cash generated from/(used in) operating activities	**–**	**–**	**–**	**–**	–	65,730	(3,265)	62,465
Net cash generated from/(used in) investing activities	**–**	**–**	**–**	**–**	4,711	(3,234)	(605)	872
Net cash generated from/(used in) financing activities	**–**	**–**	**–**	**–**	–	(111,773)	3,870	(107,903)
	–	**–**	**–**	**–**	4,711	(49,277)	–	(44,566)

5 LOSS FOR THE PERIOD

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

	Six-month period ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**–**	63,237
Cost of provision of advertising agency services	**66**	1,550
Cost of provision of online financial market information	**4,690**	4,384
Depreciation	**1,012**	2,947
Net exchange gains	**(699)**	(3)
Change in value of available-for-sale financial assets	**–**	(5,171)
Impairment of available-for-sale financial assets *(Note 8)*	**23,094**	–
Other operating (income)/expenses, net including:		
Amortisation of deferred development costs	**–**	7,152
Write-off of deferred development costs	**–**	6,536
Provision for impairment of property, plant and equipment	**–**	2,243
Net loss on disposal of property, plant and equipment	**2**	47
Provision for inventories	**–**	10,283
Provision/(reversal) for impairment of trade receivables	**(177)**	155,974
Provision for impairment of prepayments, deposits and other receivables	**–**	32,566
(Other income) and other (gains)/losses, net:		
Interest income on bank balances	**(5,009)**	(1,619)
Interest income on trade receivables	**–**	(1,982)
Interest income on available-for-sale financial assets	**(894)**	(4,624)
Value-added tax refund	**–**	(4,213)
Government grants	**–**	(240)
Non-compete income	**(866)**	(1,298)
Provision for impairment of an advance to an associate	**9,843**	–
Provision for impairment of an associate	**3,292**	–
Others	**(1,423)**	(2,173)

6 EARNINGS/(LOSS) PER SHARE

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

The calculation of the diluted earnings/(loss) per share for the period is based on the Group's earnings/(loss) from continuing operations and discontinued operations attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period assuming the conversion of the exchangeable preference shares and 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 exchange price of the exchangeable preference shares and the subscription rights attached to the outstanding share options. The weighted average number of ordinary shares for the calculation of the diluted earnings/(loss) per share is set out as follows:

	Six-month period ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue	**1,139,531,432**	1,139,531,432
Adjustment for preference shares	**–**	–
Adjustment for share options	**–**	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share	**1,139,531,432**	1,139,531,432
	HK$'000	*HK$'000*
Group's profit/(loss) attributable to the equity holders of the Company		
– Continuing operations	**(30,814)**	1,330
– Discontinued operations	**(20,428)**	(217,303)
	(51,242)	(215,973)

The basic and diluted earnings/(loss) per share for the six-month periods ended 30 June 2013 and 2012 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the periods were anti-dilutive.

7 DIVIDENDS

The Board of the Company does not recommend the payment of any interim dividend for the six-month period ended 30 June 2013 (2012: Nil).

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
At 1 January	**48,944**	61,797
Receipt of periodic adjustment payments	**–**	(35,467)
Change in value	**–**	18,130
Impairment *(Notes 4(b) & 5)*	**(23,094)**	–
Interest accretions	**894**	4,618
Exchange differences	**692**	(134)
At financial position date	**27,436**	48,944
Less: Non-current portion	**–**	(10,680)
Current portion	**27,436**	38,264

The expected periodic adjustment payments are denominated in Renminbi and their fair value was calculated at a discount rate of 6.70% (31 December 2012: 6.70%) per annum.

Based on the recent communications with the Seller WFOE, management considered that the full recoverability of the available-for-sale financial assets is doubtful. After careful consideration by management, an impairment of the available-for-sale financial assets of HK$23,094,000 was recorded as loss for the discontinued STB Business during the six-month period ended 30 June 2013.

9 TRADE RECEIVABLES

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

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Within 6 months	**45,474**	139,037
7-12 months	**–**	8
Over 12 months	**4,084**	4,394
	49,558	143,439
Less: Provision for impairment	**(3,141)**	(3,259)
	46,417	140,180

The fair value of the current trade receivables approximates its carrying amount.

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. 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.

10 TRADE PAYABLES

An aging analysis, based on the invoice date, of the trade payables as at the financial position date is as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
	HK$'000	*HK$'000*
Within 6 months	**19,107**	26,212
7-12 months	**–**	1,536
Over 12 months	**755**	198
	19,862	27,946

The fair value of the trade payables approximates its carrying amount.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

Overall Performance

	Six-month period ended 30 June 2013			Six-month period ended 30 June 2012		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**17,679**	**–**	**17,679**	36,482	150,935	187,417
Cost of sales	**(4,756)**	**–**	**(4,756)**	(5,934)	(63,237)	(69,171)
Gross profit	**12,923**	**–**	**12,923**	30,548	87,698	118,246
Other income and other gains/(losses), net	**(4,943)**	**–**	**(4,943)**	7,531	8,618	16,149
Marketing, selling and distribution costs	**(3,073)**	**–**	**(3,073)**	(4,280)	(31,764)	(36,044)
Administrative expenses	**(24,894)**	**–**	**(24,894)**	(21,243)	(50,461)	(71,704)
Other operating income/(expenses), net	**175**	**–**	**175**	(357)	(214,764)	(215,121)
Operating profit/(loss)	**(19,812)**	**–**	**(19,812)**	12,199	(200,673)	(188,474)
Share of loss of joint ventures	**(8,411)**	**–**	**(8,411)**	(6,952)	–	(6,952)
Share of loss of associates	**(2,789)**	**–**	**(2,789)**	(811)	–	(811)
Profit/(loss) before income tax	**(31,012)**	**–**	**(31,012)**	4,436	(200,673)	(196,237)
Income tax credit/(expenses)	**198**	**–**	**198**	(3,155)	(21,801)	(24,956)
Profit/(loss) for the period	**(30,814)**	**–**	**(30,814)**	1,281	(222,474)	(221,193)
Change in value of available-for-sale financial assets	**–**	**–**	**–**	–	5,171	5,171
Impairment of available-for-sale financial assets	**–**	**(23,094)**	**(23,094)**	–	–	–
Income tax credit	**–**	**2,666**	**2,666**	–	–	–
After-tax gain/(loss) recognised on disposal	**–**	**(20,428)**	**(20,428)**	–	5,171	5,171
Profit/(loss) for the period	**(30,814)**	**(20,428)**	**(51,242)**	1,281	(217,303)	(216,022)

Revenue

	Six-month period ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Continuing operations:		
Advertising agency business	**1,150**	17,899
Financial market information business	**13,695**	14,382
Digital broadcasting business	**2,834**	4,201
	17,679	36,482
Discontinued operations:		
Digital broadcasting business	**–**	150,935
	17,679	187,417

The significant decrease in the Group's consolidated revenue in the first half of 2013 when compared to the corresponding period of 2012 was attributable mainly to the disposal of the digital broadcasting business in late 2012 and the scale down of the Group's traditional business of TV ad time agency sourcing.

Gross Profit and Gross Profit Margin

The Group recorded a decrease of 89% in gross profit in the first half of 2013 when compared to the corresponding period of 2012, as a result of the decrease in revenue from the discontinued digital broadcasting business. Overall gross margin increased from 63% to 73%.

Other Income and Other Gains/(Losses), Net

	Six-month period ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Interest income on bank balances	**5,009**	1,619
Interest income on trade receivables	**–**	1,982
Interest income on available-for-sale financial assets	**894**	4,624
Value-added tax refund	**–**	4,213
Non-compete income	**866**	1,298
Government grants	**–**	240
Provision for impairment of an advance to an associate	**(9,843)**	–
Provision for impairment of an associate	**(3,292)**	–
Others	**1,423**	2,173
	(4,943)	16,149

Provision for impairment was made for the Group's investment in an associate of HK$3,292,000 and the advance to an associate of HK$9,843,000, both of which are engaged in the provision of online Chinese language learning services, in light of their financial position and operating performance.

Marketing, Selling and Distribution Costs/Administrative Expenses

The Group recorded a moderate increase of 10% in the marketing, selling and distribution costs and administrative expenses for the continuing operations in the first half of 2013 when compared to the corresponding period of 2012.

Other Operating Income/(Expenses), Net

	Six-month period ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Reversal/(provision) for impairment of trade receivables and other receivables	**177**	(188,540)
Provision for inventories	**–**	(10,283)
Amortisation of deferred development costs	**–**	(7,152)
Write-off of deferred development costs	**–**	(6,536)
Provision for impairment of property, plant and equipment	**–**	(2,243)
Others	**(2)**	(367)
	175	(215,121)

Most of the other operating expenses incurred during the six-month period ended 30 June 2012 was related to the discontinued digital broadcasting business.

Share of Loss of Joint Ventures/Associates

The Group's share of loss of joint ventures and associates increased as more losses were incurred by the joint venture engaged in advertising agency business and the associates engaged in the online Chinese language learning business.

After-tax Gain/(Loss) Recognised on Disposal

An impairment of the available-for-sale financial assets of HK$23,094,000 regarding the periodic adjustment payments for the disposal of the Group's discontinued set top box business in 2010 was recorded as a loss under the discontinued operations of the Group during the six-month period ended 30 June 2013. Details of the loss are set out in Note 8 to these condensed consolidated interim financial statements.

Review of Operating Segments

Advertising Agency Business

In the first half of 2013, the Group's advertising agency business unit was focusing its attention in the continuing business development of Midas Media Limited ("Midas Media", a joint venture established with leading international 4A firm GroupM), resulting in the signing of key brand accounts such as Changhong Electronics and Kangshifu Beverages. Changhong is a leading Chinese television and home electronics giant, and Kangshifu is a leading food and beverage brand. Activities in its traditional business of TV ad time agency sourcing were kept to a minimal, as a result of significant pricing squeeze from procurement clients at the start. For the six-month period ended 30 June 2013, the Group's advertising agency business recorded a segmental revenue of HK$1,150,000 and a segmental operating loss of HK$3,285,000.

Financial Market Information Business

Due to general bearish investor sentiments on the emerging markets, the Group's financial market information business recorded a decrease of 5% in revenue and a segmental operating loss of HK$783,000 for the six-month period ended 30 June 2013.

Direct Investments

The Group holds non-controlling positions in a few businesses.

Online Game Business

Shanghai Boyojoy Network Technology Co., Limited (上海博游網絡科技有限公司) ("Boyojoy") recorded mixed results in the first half of 2013. Its first web game product – the "Call of Gods" continues to exceed expectation after releases of additional non-English versions. At the same time, a number of new games planned for release in the first half have been delayed to the second half due to additional development needs.

Others

The Group's other direct investment businesses are still under the stage of business development or redevelopment.

Prospects

Midas Media will continue to be one of the development focuses for the Group's advertising agency business unit. Management expects the newly developed accounts will begin to generate business in the second half of the year. Forecasted volume rebound in TV ad time agency businesses from key direct clients would also provide positive contribution to Midas Media's business in the second half.

Internet is rapidly growing into a mainstream media for advertising in China, while also taking market shares from traditional media including TV. Moving forward, the Group's wholly-owned advertising agency business unit, Guangdong SinoFocus Media Limited ("SinoFocus") will embark on an internet strategy and will transfer all future billings in TV ad time agency to Midas Media. SinoFocus is going to develop an internet focused media placement agency platform and intends to generate revenue through online amalgamation and promotion of selected quality products and services on the platform.

Boyojoy will be releasing a number of new games in the second half of 2013, and has already signed cooperation agreements with a number of foreign game operators. Their releases will signify the initial step for Boyojoy in progressing from a single product company towards a true game developer with multiple products. The current product offering already contains a mix of both web games and mobile phone games.

The Group will also seek for new investment opportunities in other areas to broaden the revenue base and enhance shareholders' value in long term.

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 2013 (2012: Nil).

The total number of employees of the Group as at 30 June 2013 was 86 (31 December 2012: 87).

Financial Review

Liquidity and Financial Resources

At 30 June 2013, the Group recorded total assets of HK$829,446,000 (31 December 2012: HK$895,075,000) which were financed by liabilities of HK$91,865,000 (31 December 2012: HK$117,451,000), non-controlling interests of HK$116,250,000 (31 December 2012: HK$116,250,000) and shareholders' equity of HK$621,331,000 (31 December 2012: HK$661,374,000). The Group's net asset value per share (excluding non-controlling interests) as at 30 June 2013 amounted to HK$0.55 (31 December 2012: HK$0.58).

The Group had a total cash and bank balance of HK$682,319,000 (31 December 2012: HK$600,993,000) without any bank borrowings (31 December 2012: Nil) as at 30 June 2013. The increase in the cash and bank balances was resulted mainly from the increase in the receipts of trade receivables during the current period. The Group has sufficient internal funds for its daily operations.

Treasury Policies

The Group adopts conservative treasury policies and has tight controls over its cash management. The Group's cash and bank balances are held mainly in Hong Kong dollars ("HKD"), Renminbi ("RMB") and United States dollars ("USD"). Surplus cash is generally placed in short to medium term deposits and investments 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, most of the transactions are denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. No financial instrument was used for hedging purpose. It is expected that the appreciation of RMB in the long-run 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 during the six-month period ended 30 June 2013.

Charges on Assets

The Group did not have any assets pledged to third parties as at 30 June 2013.

Future Plans for Material Investments or Capital Assets

The Group did not have any concrete future plans for material investments or capital assets as at 30 June 2013.

Capital Expenditure Commitments

The Group did not have any material capital expenditure commitments as at 30 June 2013.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2013.

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 2013. 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 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six-month period ended 30 June 2013, the Board of the Company has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code from time to time, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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. Having made 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 2013 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
Ko Chun Shun, Johnson
Chairman

Hong Kong, 8 August 2013

At the date of this announcement, the Board of the Company comprises the executive directors of Mr Ko Chun Shun, Johnson (Chairman), Mr Luo Ning, Mr Jin Wei, Mr Xu Qiang (Chief Operating Officer) and Mr Hu Qinggang (Chief Financial Officer and Acting Chief Executive 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*