

Jade Dynasty Announces The Plan to Acquire 51% Stake in a PRC's Animations Production House For Long-term Animations Development

(Hong Kong, 27 May 2007) -- The largest and only listed comics publisher and animations producer in Hong Kong, **Jade Dynasty Group Limited** ("Jade Dynasty"/ "the Group") (HKSE code: 970) today announces that its wholly owned subsidiary Jade Dynasty Multi-media Limited ("JD Multi-media") entered into a framework agreement with Hong Ying Universe Company Limited ("Taiwan Hongying") and Mr. Hsieh Tai-chun, largest shareholder of Taiwan Hongying to acquire 51% of the issued capital of Suzhou Hongyang Cartoon Production Company Limited ("Suzhou Hongyang") and the entire interest of its two associates, namely Nanjing Hongying Anmie-cartoon Entertainment Company Limited ("Nanjing Hongying") and Shanghai Sanding Animation Creation Company Limited ("Shanghai Sanding")(collectively called the "Hongying Group"). The acquisition is a significant milestone for sustainable animations development of Jade Dynasty in the PRC.

Nanjing Hongying and Shanghai Sanding are domestic enterprises incorporated in the PRC. Jade Dynasty will acquire, through one director and one member of senior management who are both PRC citizens, the exclusive entitlement to all of the economic benefits and rights to control, manage and operate Nanjing Hongying and Shanghai Sanding.

Nanjing Hongying has obtained the requisite television broadcasting permits in the PRC from Jiangsu Broadcast Television Bureau for 52 episodes of "Yamucha'S" and 26 episodes of "Xiangqi Master", two of its self-developed animations titles. "Yamucha'S" has been broadcasted throughout the PRC and will be broadcasted widely in the overseas markets, while "Xiangqi Master" will be broadcasted in the near future.

The acquisition consideration of HK\$40,800,000 is to be satisfied as to HK\$32,640,000 through the issue of 40,800,000 of Jade Dynasty's shares to Taiwan Hongying at a price of HK\$0.80, and HK\$8,160,000 in cash to Mr. Hsieh or his nominee shareholders in Nanjing Hongying and Shanghai Sanding. The Group expects to finance the cash portion of the consideration out of the Group's internal resources.

Suzhou Hongyang was one of the animations sub-contractors of China Central Television's ("CCTV") famous animated TV series "The Legend of Nezha" and "The Adventures of Little Carp". It was also engaged as an animations sub-contractor of the Group in relation to the provision of production services for the Group's first

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animations series "Shen Bing Kids", which was co-created and co-produced with CCTV.

Mr. Ivan Tong, Chairman of the Group said, "We have established a good working relationship with Suzhou Hongyang in the past years. By vertically integrating the businesses or the exclusive entitlement to all of the benefits and rights of Hongying Group into our Group, we would enjoy the synergy between the creativity and marketing capability of our Hong Kong and PRC teams and the expertise of the talented production team in the PRC. The extensive worldwide network of Suzhou Hongyang in the animations industry would greatly benefit our long-term animations development in the Chinese community."

"We are informed that Galaxy China Opportunities Fund has recently taken long position in our Group. It demonstrates the confidence of investors in our long-term development," **Mr. Ivan Tong** continued.

Before completion of the acquisition, Taiwan Hongying will grant the call option to JD Multi-media for the further acquisition of the remaining 49% interest in the issued share capital of Samoa Hongying. JD Multi-media will also grant the put option to Taiwan Hongying for the sale of the remaining 49% interest in the issued share capital of Samoa Hongying. The exercise price of the call option and the put option shall be HK\$49,000,000. The exercise of the put option is subject to Suzhou Hongyang, Nanjing Hongying and Shanghai Sanding being able to meet the guaranteed profit of no less than HK\$8,500,000 for each of the two years ending 31 December 2007 and 2008.

Mr. Ivan Tong added, "Nanjing Hongying and Shanghai Sanding are excellent distribution platforms for us to produce and launch our own animations titles in form of domestic animations as they will remain as domestic enterprises after the acquisition. For example, a Chinese animated series using the figure of the world-famous star Jacky Chan. The rich animations portfolio of Hongying Group is a valuable addition to our established comics and animations library too."

About Jade Dynasty Group Limited (HKSE Code: 970)

Jade Dynasty Group Limited is the largest and only listed comics publisher in Hong Kong. Its local market share in terms of sales of Chinese home-grown comics and Japanese translated comics is over 50%. The Group owns more than 100 comics titles and has accumulated over 10 years experience in the comics industry. Currently, the Group publishes 9 home-grown comics titles on a weekly, bi-weekly or monthly basis and an average of 25 volumes licensed comics titles from Japan on a monthly basis. Also, the Group sells its comics titles in 14 countries, which have been translated into 10 languages. The Group and CCTV entered into the Joint Investment Production Agreement of Animated TV Series on 9 March 2006 for the animated TV series titled "Shen Bing Kids". It becomes the first overseas animations enterprise cooperating with CCTV. "Shen Bing Kids" is a 52-episode animated TV series co-adapted from the Group's home-grown comics "The Weapon" and co-created and co-produced by

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CCTV and Jade Dynasty. The production of all the 52 episodes has been completed and its contents have been amended in accordance with the comments of the State Administration of Radio, Film and Television ("SARFT"). The Group is waiting for the final regulatory procedures and approval from the SARFT for broadcasting the 52 episodes, after which is subject to final broadcasting scheduling of CCTV. In November 2006, the Group acquired 51% interest of Dragon Animation Limited to produce animated series using the figure of world-famous film star Jackie Chan. The production of the first 26 episodes of such animated series will be completed in 2008.

About Suzhou Hongyang Cartoon Production Company Limited

Established in 1992, Suzhou Hongyang is a wholly foreign owned enterprise established in the PRC. It is principally engaged in the design, production and sale of computer software, production of various types of animations and provision of post-production services for animations film. Suzhou Hongyang is one of the largest animations production houses in the PRC with around 600 employees. Some of them have had over 20 years of experience in the business of animations production. It was also the first animations production house in the PRC to be fully computerized with substantial investments in various computer hardware and software. The clients and business partners of Suzhou Hongyang, such as CCTV, Disney and Warner etc., scatter around the world, including the PRC, the United States, Canada, France, Japan, Korea, Germany, the United Kingdom, Belgium, Italy, Australia, New Zealand, Spain, Hungary and the Philippines. Since its establishment, Suzhou Hongyang has been providing animations production services for over 100 films and television programmes. It has also established overseas offices in the United States, Japan, Europe and Taiwan.

About Nanjing Hongying Anmie-cartoon Entertainment Company Limited

Nanjing Hongying was established as a domestic enterprise in the PRC in 2006. It is principally engaged in the creation, production and distribution of domestic television animations. It has obtained requisite broadcasting permits from Jiangsu Broadcast Television Bureau for broadcasting 52 episodes of "Yamucha'S" and 26 episodes of "Xiangqi Master" in the PRC.

About Shanghai Sanding Animation Creation Company Limited

In 2002, Shanghai Sanding was established as a domestic enterprise in the PRC. It is principally engaged in the production of television programmes in the PRC. It has a computerized 3D animations production team leveraging on a foundation built on traditional manually drawn 2D animations.

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