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Jade Dynasty Group Limited
玉皇朝集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 970)

CONTINUING CONNECTED TRANSACTION: SERVICE AGREEMENT WITH MR. WONG

On 30 March 2007, the Company entered into the Service Agreement with Mr. Wong for a term commenced from 1 April 2007 and ending on 31 March 2008 for the provision of his service as a comic and animated cartoon creative writer. Under the Service Agreement, subject to a Cap of HK$6,500,000, Mr. Wong is entitled to a monthly salary of HK$392,000 together with a bonus calculated based on the net profit of the comic and animated cartoon division of the Group for the year ending 31 March 2008.

Mr. Wong is the sole shareholder and is, therefore, an associate (within the meaning of the Listing Rules) of Super Empire Investments Limited, a substantial shareholder of the Company. Accordingly, Mr. Wong is a connected person (with the meaning of the Listing Rules) of the Company.

The Service Agreement constitutes a continuing connected transaction for the Company and is only subject to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements. Appropriate disclosure of the Service Agreement will be made in the Company's published annual report and accounts for the year ending 31 March 2008.

* *for identification purpose only*

Reference is made to the announcement of Jade Dynasty Group Limited ("**Company**", together with its subsidiaries, the "**Group**") dated 19 July 2006 ("**Announcement**"). As disclosed in the Announcement, the service agreement ("**Previous Agreement**") between Mr. Wong Chun Loong ("**Mr. Wong**") and the Company, for the provision of his services as a comic and animated cartoon creative writer for a term from 1 April 2006 to 31 March 2007 constituted a continuing connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The board of directors ("**Directors**") of the Company announced that on 30 March 2007, the Company entered into a new service agreement ("**Service Agreement**") with Mr. Wong, detailed terms of which are set out below:

The service

Pursuant to the Service Agreement, the Company has appointed Mr. Wong, for a term commenced from 1 April 2007 and ending on 31 March 2008. The duties and responsibilities of Mr. Wong shall include ("**Services**"):

– to act as a creative writer for the weekly, bi-weekly of any other comic titles of the Group;

– to design the characters and story of the animated cartoon of the Group;

– to provide creative idea for the comic and animated cartoon related products of the Group; and

– to assist the promotion of the Group's products to the public.

Service fee

Pursuant to the Service Agreement, Mr. Wong is principally entitled to a monthly salary of HK$392,000 together with a bonus calculated based on the net profit of the comic and animated cartoon division of the Group for the year ending 31 March 2008. The bonus calculation is arrived at 20% of net profit before tax of animated cartoon division after deducting 62% of corporate expenses. However, the total emoluments paid to Mr. Wong under the Service Agreement and in relation to the Services for the year ending 31 March 2008 shall be subject to the cap of HK$6,500,000 ("**Cap**").

Either the Company or Mr. Wong may require the remuneration package under the Service Agreement to be reviewed following the broadcasting by China Central Television ("**CCTV**") of the animated TV series titled "Shen Bing Kids" co-adapted and co-produced with CCTV in the People's Republic of China having regard to the revenue contributions to the Group after such broadcasting. The Group believes that favourable response of broadcasting may cause substantial revenue from the sale of derivative products to be generated but the result is dependent on the market reaction to the "Shen Bing Kids" animation. Any such review of the remuneration package shall be subject to compliance with the Listing Rules.

For the two years ended 31 March 2007, the total annual emoluments paid by the Group to Mr. Wong for his services as a comic and animated cartoon creative writer pursuant to the Previous Agreement amounted to HK$4,716,000 (comprising basic salary and MPF only and still subject to bonus payable adjustment) for the year ended 31 March 2007 and HK$5,484,000 (comprising basic salary and MPF of HK$4,584,000 and a bonus of HK$900,000) for the year ended 31 March 2006.

Basis of the service fee and reasons for the Service Agreement

The terms of the Service Agreement were determined after arm's length negotiations between the Group and Mr. Wong and the service fee payable to Mr. Wong is determined with reference to the duties and responsibilities of Mr. Wong.

The Cap was determined between the Company and Mr. Wong after taking into account the historical figures for the bonus paid to Mr. Wong under the Previous Agreement and the likely growth of the Group's business for the year ending 31 March 2008.

The Group is principally engaged in the publication of comics books and multimedia development.

Mr. Wong is a renowned writer of comic and animated cartoon in Hong Kong and has over 40 years of experience in the industry and is considered as a legendary figure in Hong Kong comics industry. As such, the Directors (including the independent non-executive Directors) and the Company's Remuneration Committee are of the view that the terms of the Service Agreement (including the Annual Cap) are normal commercial terms and is in the ordinary and usual course of business and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONNECTED TRANSACTION

Mr. Wong is the sole shareholder of Super Empire Investments Limited ("**Super Empire**"), a substantial shareholder of the Company and is, therefore, an associate of Super Empire (within the meaning of the Listing Rules). As at the date of Service Agreement, Super Empire holds approximately 34.7% issued share of the Company. Accordingly, Mr. Wong is a connected person (with the meaning of the Listing Rules) of the Company.

The Service Agreement constitutes a continuing connected transaction for the Company and is only subject to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of Listing Rules and is exempt from the independent shareholders' approval requirements. Appropriate disclosure of the Service Agreement will be made in the Company's published annual report and accounts for the year ending 31 March 2008.

Jade Dynasty Group Limited
Leung Sui Wah Raymond
Company Secretary

Hong Kong, 3 April 2007

As at the date of this announcement, the executive Directors are Mr. Tong Kai Lap, Mr. Wan Siu Lun, Mr. Wong Chun Keung, Mr. Ko Chi Keung and Mr. Kwong Chi Tak. The non-executive Director is Mr. Zheng Hao Jiang and the independent non-executive Directors are Mr. Ho Yiu Ming, Mr. Kwong Chi Keung and Mr. Ma Fung Kwok.

Please also refer to the published version of this announcement in China Daily.