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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)

(1) PROPOSED MAJOR TRANSACTION IN RELATION TO ACQUISITION OF INTERESTS IN THE ACQUIREES AND GRANTS OF CALL OPTION AND PUT OPTION; AND (2) RESUMPTION OF TRADING

Financial adviser to the Company

AmCap
Ample Capital Limited
豐盛融資有限公司

THE FRAMEWORK AGREEMENT

On 15 May 2007, JD Multi-media (a wholly owned subsidiary of the Company) entered into the Framework Agreement with the Vendors. Under the Framework Agreement, JD Multi-media is to acquire (i) 612,000 shares of US$1 each in Samoa Hongying, representing 51% of the entire issued share capital of Samoa Hongying, (ii) the exclusive entitlement to all of the economic benefits and rights to control, manage and operate Nanjing Hongying and (iii) the exclusive entitlement to all of the economic benefits and rights to control, manage and operate Shanghai Sanding. The aggregate consideration payable by the Group under the Framework Agreement shall be HK$40,800,000 and shall be payable in the manner as set out under the sub-section "Consideration" in the section headed "The Framework Agreement" below.

In addition, under the Framework Agreement, the Vendors are legally bound to enter into the Option Deed prior to Completion pursuant to which Taiwan Hongying will grant the Call Option to JD Multi-media, exercisable in one lot during the period from the date of Completion and up to 30 April 2009, for the purchase by JD Multi-media of the remaining 49% interest in the issued share capital of Samoa Hongying. Under the Opion Deed, JD Multi-media will also grant the Put Option to Taiwan Hongying, exercisable in one lot after the expiry of the exercise period of the Call Option and on or before 21 May 2009, 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 and shall be payable by the Group in the manner as set out under the sub-sections "The Call Option" and "The Put Option" in the section headed "The Framework Agreement" below, respectively.

The Framework Agreement is legally binding in nature but the parties will in good faith enter into further negotiations with a view of consummating a more comprehensive SP Agreement to include the terms set out in the Framework Agreement and any other supplements or clarifications to be agreed by JD Multi-media and the Vendors, and the forms of the other ancillary agreements and documentations for the implementation of the Contractual Arrangements. If the parties fail to enter into the SP Agreement by 14 July 2007 (or such later date to be agreed between JD Multi-media and the Vendors), the Framework Agreement will remain to be valid and binding on the parties in accordance with its terms. Further announcement(s) will be made by the Company in relation to the SP Agreement (if concluded) and/or ancillary agreements and documentations in relation to the Contractual Arrangements as and when appropriate.

GENERAL

For the purpose of calculation the applicable percentage ratios under Chapter 14 of the Listing Rules, according to Rule 14.74 of the Listing Rules, the grant of the Put Option (the exercise of which is not at the discretion of the Company) shall be treated as if the Put Option had been exercised. For the Call Option, according to Rule 14.75 of the Listing Rules, only the premium of the Call Option (i.e. HK$100) will be taken into account for the purpose of determining the applicable percentage ratios and accordingly, the grant of the Call Option will not be classified as a notifiable transaction upon its grant prior to Completion. As the assets ratio and revenue ratio of the Acquisitions and the exercise of the Put Option on an aggregate basis, exceed 25% but are less than 100%, the Acquisitions and the grant of the Put Option are classified as major transactions under the Listing Rules and are subject to the approval of the Shareholders.

As Samoa Hongying will become a non-wholly owned subsidiary of the Company after Completion and Taiwan Hongying will own 49% of its issued share capital and therefore a substantial shareholder of Samoa Hongying. Taiwan Hongying will become a connected person after Completion and the exercise of the Call Option by JD Multi-media in the future and the transactions contemplated thereunder will constitute connected transactions under Chapter 14A of the Listing Rules. The exercise of the Call Option by JD Multi-media in the future may also constitute notifiable transaction under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements under Chapters 14 and 14A of the Listing Rules at the time of exercise of the Call Option including seeking the specific mandate in relation to the allotment and issue of the Option Consideration Shares as a result of the exercise of the Call Option.

The SGM will be held to consider and, if thought fit, passing the resolutions to approve the Framework Agreement, the SP Agreement (if concluded) and the transactions contemplated thereunder, including the Acquisitions and the Option Deed, the grant of the Put Option and the transactions arising out of the exercise of the Put Option. Furthermore, the Company will also seek the grant of a specific mandate to allot and issue Shares to satisfy the allotment and issue of the Acquisition Consideration Shares under the Framework Agreement or the SP Agreement (if concluded) and the Option Consideration Shares pursuant to the exercise of the Put Option at the SGM. A circular containing, among other things, details of the Framework Agreement, the SP Agreement (if concluded), the transactions contemplated thereunder, including the Acquisitions, the Call Option and Put Option, financial information of the Acquirees and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

All further information necessary to enable the Shareholders to make an informed decision will be included in the circular to be issued by the Company in relation to the proposed Acquisitions and all related transactions (including the proposed grant of the Call Option and the Put Option under the Option Deed). Having considered that (i) the Framework Agreement is legally binding on the parties thereto, (ii) the terms of the transactions contemplated under the Framework Agreement are not expected to be revised and (iii) the terms of the SP Agreement (if concluded) and the Option Deed are expected to be materially identical to the relevant terms of the Framework Agreement, the Directors consider that the information contained in this announcement and the circular mentioned above shall be sufficient for the Shareholders to make an informed decision when voting on the transactions contemplated under the Framework Agreement and in particular, the Call Option and the Put Option.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Acquisition Consideration Shares and, upon the exercise of the Put Option, the Option Consideration Shares, on the Main Board in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board has been suspended from 9:30 a.m. on 16 May 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Main Board with effect from 9:30 a.m. on 28 May 2007.

THE FRAMEWORK AGREEMENT

Date

15 May 2007 (date of the Supplemental Agreement: 25 May 2007)

Parties

(i) JD Multi-media (a wholly owned subsidiary of the Company) as the purchaser.

(ii) Mr. Hsieh and Taiwan Hongying as the Vendors. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Vendors and, in respect of Taiwan Hongying, its ultimate beneficial owners is an Independent Third Party. Taiwan Hongying is a company incorporated in Taiwan with limited liability and is owned as to approximately 59.11% by Mr. Hsieh and as to the remaining approximately 40.89% by another 14 individuals who are Independent Third Parties. None of the Vendors are acting or presumed to be acting in concert with any Shareholders.

Assets and rights to be acquired

(i) 612,000 shares of US$1 each in the share capital of Samoa Hongying, representing 51% of the entire issued share capital of Samoa Hongying;

(ii) the exclusive entitlement to all of the economic benefits and rights to control, manage and operate Nanjing Hongying; and

(iii) the exclusive entitlement to all of the economic benefits and rights to control, manage and operate Shanghai Sanding.

Samoa Hongying is an investment holding company whose principal asset is its 100% equity interest in Suzhou Hongyang. Based on the audited accounts of Suzhou Hongyang, it had audited net assets of approximately RMB13,976,000 (equivalent to approximately HK$14,261,000) as at 31 December 2006. The net asset value attributable to the 51% interest in Samoa Hongying to be acquired under the Acquisitions is therefore approximately RMB7,128,000 (equivalent to approximately HK$7,273,000). Based on the unaudited management accounts of Nanjing Hongying and Shanghai Sanding, respectively, they had unaudited net assets of approximately RMB9,852,000 (equivalent to approximately HK$10,053,000) and RMB4,496,000 (equivalent to approximately HK$4,588,000) respectively as at 31 December 2006. Upon Completion, Samoa Hongying and Suzhou Hongyang will become subsidiaries of the Company. By virtue of the Contractual Arrangements as set out in the sub-section headed "The Contractual Arrangements" below, subject to confirmation by auditors of the Company, the Directors expect that each of Nanjing Hongying and Shanghai Sanding will be accounted for as wholly-owned subsidiaries of the Company after Completion.

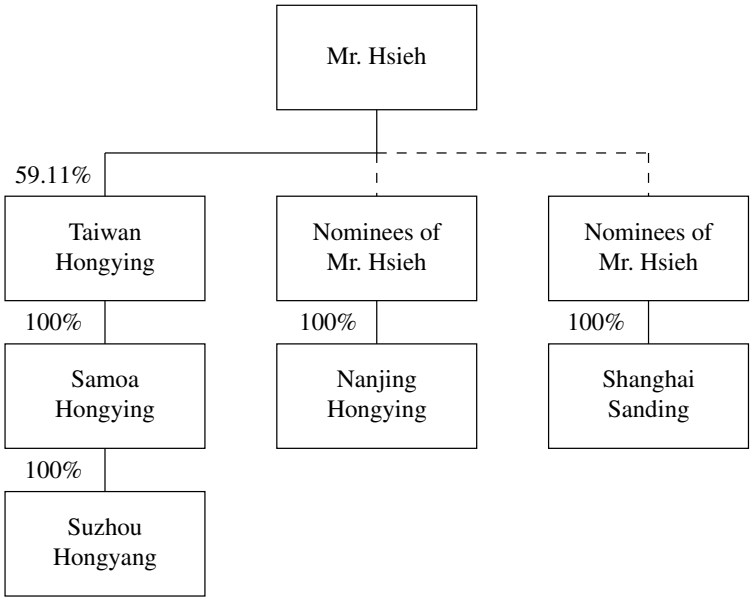
Samoa Hongying is wholly owned by Taiwan Hongying, and Taiwan Hongying will transfer its 51% interest in the issued share capital of Samoa Hongying to JD Multi-media on Completion. The entire equity interests of each of Nanjing Hongying and Shanghai Sanding are registered under the names of various nominees of Mr. Hsieh who are Independent Third Parties. Under the Framework Agreement, Mr. Hsieh has agreed to procure these nominees to transfer their entire interests in Nanjing Hongying and Shanghai Sanding to nominee(s) designated by JD Multi-media (the "**JD Nominee(s)**") on or before Completion.

The two JD Nominees will be Mr. Zheng Hao Jiang, a non-executive Director, and Ms. Guo Ying, the Group's China Business Officer. It is expected that each of Nanjing Hongying and Shanghai Sanding will be owned as to 9% by Mr. Zheng Hao Jiang and 91% by Ms. Guo Ying. Please refer to the sub-section headed "Contractual Arrangements" below for further details.

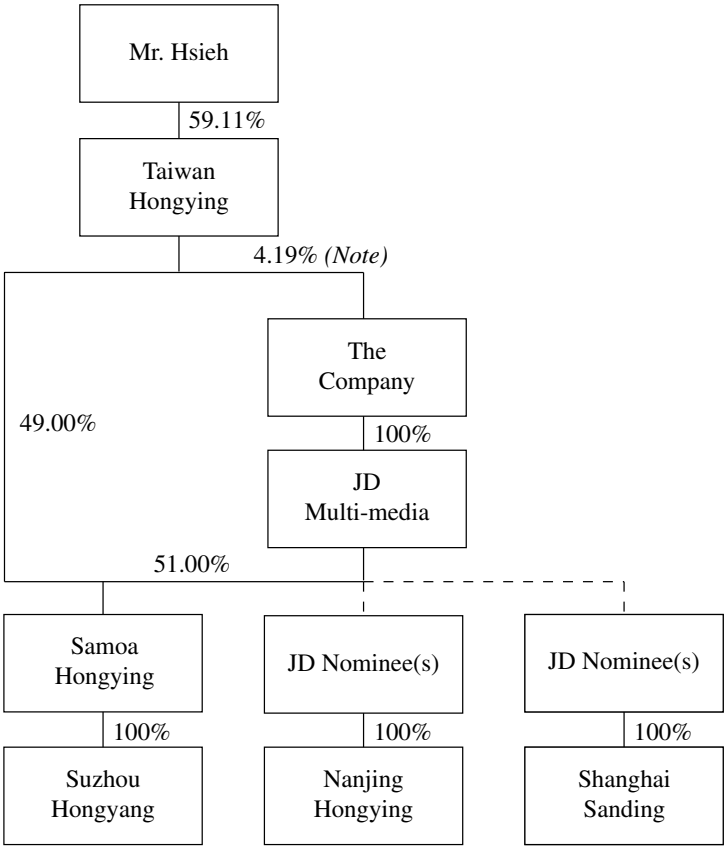
Shareholding structure of the Acquirees

The shareholding structure of the Acquirees before and after the Acquisitions are set out below:

Immediately before the Acquisitions

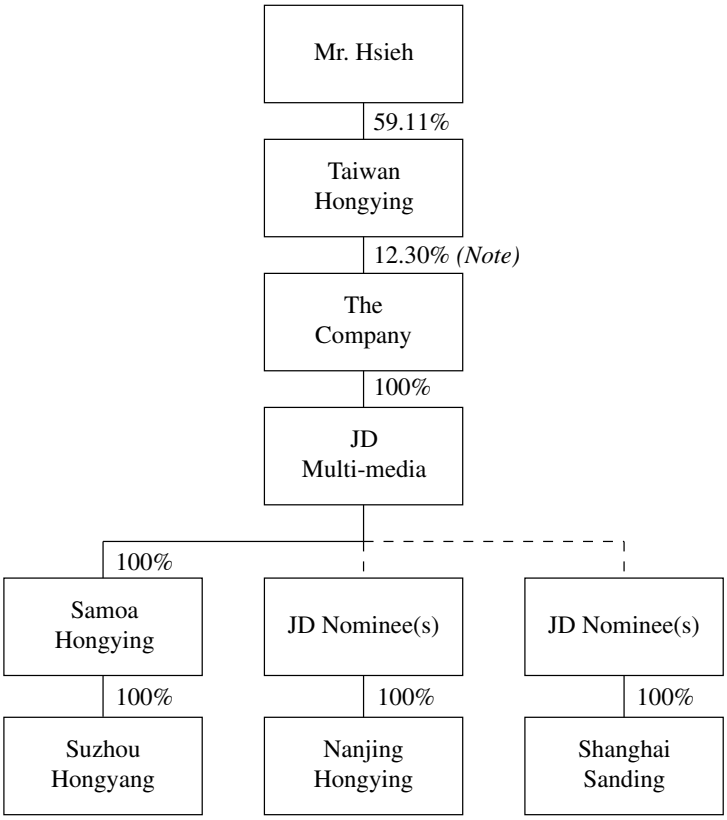


Immediately after the Acquisitions and before the exercise of the Call Option or the Put Option



Note: The percentage of shareholding of Taiwan Hongying in the Company is based on 932,394,450 Shares in issue as at the date of this announcement as enlarged by the allotment and issue of the 40,800,000 Acquisition Consideration Shares.

Immediately after the Acquisitions and the exercise of the Call Option or the Put Option



Note: The shareholding of Taiwan Hongying in the Company is based on 932,394,450 Shares in issue as at the date of this announcement, as enlarged by allotment and issue of (i) the 40,800,000 Acquisition Consideration Shares; and (ii) the maximum number of 90,000,000 Option Consideration Shares to be issued pursuant to the exercise of the Call Option or the Put Option as described in the sub-sections headed "Call Option" and "Put Option" below.

Consideration

Under the Framework Agreement, JD Multi-media shall pay the Vendors a sum of HK$40,800,000 as consideration. The consideration is to be satisfied as to (i) HK$32,640,000 through the issue of 40,800,000 Acquisition Consideration Shares to Taiwan Hongying at a price of HK$0.80 per Share for Samoa Hongying, (ii) HK$7,500,000 (or approximately RMB7,350,000) in cash to Mr. Hsieh (or such person as he may direct) for Nanjing Hongying and (iii) HK$660,000 (or approximately RMB647,000) in cash to Mr. Hsieh (or such person as he may direct) for Shanghai Sanding. The Acquisition Consideration Shares represents approximately 4.38% and 4.19% of the Company's issued share capital on the date of this announcement and the Company's issued share capital as enlarged by the issue of the Acquisition Consideration Shares, respectively. The issue price of HK$0.80 per Share for the 40,800,000 Acquisition Consideration Shares represents:

(i) a discount of approximately 6.98% to the closing price of HK$0.86 per Share as quoted on the Stock Exchange on 15 May 2007;

(ii) the average closing price of approximately HK$0.80 per Share as quoted on the Stock Exchange on the five trading days up to and including 15 May 2007; and

(iii) a premium of approximately 207.69% to the unaudited net asset value of the Company of approximately HK$0.26 per Share as at 30 September 2006.

The consideration was arrived at after arm's length negotiation between the Group and the Vendors with reference to (i) the profit guarantee (as described below) and (ii) a price to earning ratio with reference to the aforesaid profit guarantee. The consideration of HK$40,800,000 is payable upon Completion. The Directors expect to finance the cash portion of the consideration out of the Group's internal resources.

There is no current intention of the parties to the Framework Agreement to vary or supplement the terms of the Framework Agreement (including the consideration for the Acquisitions). If any of the material terms of the Framework Agreement is varied or supplemented upon mutual agreement between the parties to the Framework Agreement on or before the conclusion of the SP Agreement, or if the parties shall enter into the SP Agreement which varies or supplements any material terms set out in the Framework Agreement, the Company would comply with the applicable Listing Rules.

Legal status of the Framework Agreement

The Framework Agreement is legally binding in nature. Pursuant to the Framework Agreement, JD Multi-media and the Vendors have agreed to enter into further negotiation in good faith with a view of consummating a more comprehensive SP Agreement within 60 days after the date of the Framework Agreement (that is, on or before 14 July 2007) (or such later date to be agreed between JD Multi-media and the Vendors). The SP Agreement (if concluded) shall include the terms set out in the Framework Agreement and any other supplements or clarifications to be agreed by JD Multi-media and the Vendors, and the forms of the other ancillary agreements and documentations for the implementation of the Contractual Arrangements. Once entered into, the SP Agreement shall supersede the Framework Agreement. Nevertheless, if the parties fail to enter into the SP Agreement by 14 July 2007 (or such later date to be agreed between JD Multi-media and the Vendors), the Framework Agreement will remain to be valid and binding on the parties in accordance with its terms and, in the absence of the SP Agreement, the parties will proceed with the transactions contemplated thereunder as per the terms of the Framework Agreement. Further announcement(s) will be made by the Company in relation to the SP Agreement (if concluded) and/or ancillary agreements and documentations in relation to the Contractual Arrangements as and when appropriate. Based on the current intention of the parties to the Framework Agreement, the Directors consider that it is extremely unlikely that the SP Agreement will not be concluded.

Condition precedents

Completion is conditional upon, among other conditions, the following conditions ("**Conditions**") having been fulfilled or:

(i) a PRC legal opinion opining on, among others, the due establishments and subsistence of each of Suzhou Hongyang, Nanjing Hongying and Shanghai Sanding, the validity of the production and distributions permit, the completion of the transfers and registration of the equity interests in each of Nanjing Hongying and Shanghai Sanding to nominees of the Group, and the legality, validity and enforceability of the ancillary agreements and documentations for the implementation of the Contractual Arrangements;

(ii) a Samoa legal opinion opining on, among others, the due incorporation and subsistence of Samoa Hongying;

(iii) a Taiwan legal opinion on, among others, the legality, validity and enforceability Taiwan Hongying's entry into the Framework Agreement, the SP Agreement (if concluded) and the transactions contemplated thereunder (including the Option Deed) to which Taiwan Hongying is a party;

(iv) the approvals (if required) and the registration of the transfers of the entire equity interests in Nanjing Hongying and Shanghai Sanding to such JD Nominee(s);

(v) the signing of the ancillary agreements and documentations for the implementation of the Contractural Arrangements as set out in the sub-section headed "The Contractual Arrangements" below;

(vi) the auditors of the Company confirming that each of Nanjing Hongying and Shanghai Sanding can be accounted for as wholly-owned subsidiaries of the Company after Completion by virtue of the Contractual Arrangements;

(vii) an employment contract in such form and substance satisfactory to JD Multi-media having been executed by such essential employees of Suzhou Hongyang, Nanjing Hongying and/or Shanghai Sanding as JD Multi-media may designate;

(viii) the Group having been satisfied with the results of the due diligence review in respect of Samoa Hongying (through which the interest in Suzhou Hongyang is held by the Vendor) the assets, liabilities, business and operations of each of the Acquirees;

(ix) the Company having obtained all necessary consents, authorisation or approvals (or, as the case may be) waiver as required under the Listing Rules and other applicable laws and regulations in respect of the execution of the Framework Agreement or, as the case may be, the SP Agreement, and the transactions contemplated thereunder;

(x) if required, the Shareholders having approved in the general meeting (a) the Framework Agreement or the SP Agreement (if concluded) and the transactions contemplated thereunder and the allotment of the Acquisition Consideration Shares; (b) the Option Deed, the grants of Call Option and the Put Option and the transactions contemplated thereunder, including the allotment and issue of the Option Consideration Shares to Taiwan Hongying pursuant to the exercise of the Put Option; and (c) the specific mandate in relation to the allotment and issue of the Option Consideration Shares to Taiwan Hongying pursuant to the exercise of the Put Option;

(xi) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Acquisition Consideration Shares on the Main Board; and

(xii) the Option Deed having been entered into by JD Multi-media and the Vendors.

Under the Framework Agreement, JD Multi-media may at its absolute discretion waive any of the Conditions as set out in (i), (ii), (iii), (v) to (viii) above. If any of the Conditions is not fulfilled or otherwise waived by JD Multi-media as aforesaid within 120 days after the date of the Framework Agreement (that is, on or before 12 September 2007) (or such later date as the parties may mutually agree), then the Framework Agreement will forthwith terminate.

Contractual Arrangements

As preliminarily advised by the Company's PRC legal advisers, while the prevailing PRC laws regulating the distributions of animations are expressly applicable to PRC domestic enterprises, there are no express laws and regulations regulating the distributions of animations by way of television broadcasting by foreign invested enterprises. Nanjing Hongying has produced two series of animations which are/will be distributed through the medium of television broadcasting in the PRC and overseas, and has obtained the requisite broadcasting permits in respect thereof. In addition, Shanghai Sanding has been principally engaged in the production of television programs in the PRC. As advised by the Company's PRC legal

advisers, the current PRC laws restrict the foreign ownership of companies carrying on such business. For the reasons as set out in the section headed "Reasons for and the benefits of the Acquisitions" below, the Group is desirous of acquiring Nanjing Hongying and Shanghai Sanding. Nevertheless, in light of the legal uncertainty relating to the PRC laws and regulations on the distributions of animations by way of television broadcasting by foreign-invested enterprises as disclosed above, the Group decided to take a prudent approach and maintain the domestic nature of enterprise of Nanjing Hongying and Shanghai Sanding. Instead, to facilitate the acquisitions of the economic benefits and management rights of Nanjing Hongying and Shanghai Sanding by the Group, the Vendors have jointly and severally agreed to and/or will procure Nanjing Hongying, Shanghai Sanding, the respective registered shareholders of Nanjing Hongying and Shanghai Sanding and any other third parties designated by JD Multi-media to enter into the following contractual arrangements.

(i) a wholly foreign owned enterprise of the Group as designated by JD Multi-media (the "**Designated JD WFOE**") shall enter into an exclusive consultancy and service agreement with each of Nanjing Hongying and Shanghai Sanding under which the Designated JD WFOE shall provide consultancy services to each of Nanjing Hongying and Shanghai Sanding. In return, each of Nanjing Hongying and Shanghai Sanding shall pay the Designated JD WFOE a fee which is equal to the entire after tax profit of each of Nanjing Hongying and Shanghai Sanding.

(ii) the registered shareholders of each of Nanjing Hongying and Shanghai Sanding shall enter into share transfer agreements with the JD Nominee(s) for the transfer of their entire interests in each of Nanjing Hongying and Shanghai Sanding to such JD Nominee(s).

(iii) the Designated JD WFOE shall enter into a business operation agreement with each of Nanjing Hongying and Shanghai Sanding under which the Designated JD WFOE shall act as a guarantor to guarantee all liabilities of Nanjing Hongying and Shanghai Sanding from time to time. In return, Nanjing Hongying and Shanghai Sanding shall pledge its accounts receivables and assets to the Designated JD WFOE as security.

(iv) the Designated JD WFOE shall enter into an exclusive share option agreement with each of the JD Nominee(s) under which the JD Nominee(s) will grant an exclusive option to the Designated JD WFOE for the purchase of the entire equity interest in each of Nanjing Hongying and Shanghai Sanding at the then registered capital of Nanjing Hongying and Shanghai Sanding or such other amount as required under the applicable laws of the PRC.

(v) the Designated JD WFOE shall enter into a share pledge agreement with each of the JD Nominee(s) under which the JD Nominee(s) will pledge its/their entire equity interests in Nanjing Hongying and Shanghai Sanding to the Designated JD WFOE to secure the performance of the respective obligations of Nanjing Hongying and Shanghai Sanding under the exclusive consultancy and service agreement and the business operation agreement as referred to in paragraphs (i) and (iii) above.

(vi) such other contractual arrangement as reasonably requested by JD Multi-media for the effective acquisitions of the economic benefits and management rights of Nanjing Hongying and Shanghai Sanding.

The purpose of the Contractual Arrangements (in particular the consultancy and service agreement and the business operation agreement as mentioned above) is to ensure that the Designated JD WFOE will control the entire business operation and management, be entitled to all the profits of, and assume the risk of each of Nanjing Hongying and Shanghai Sanding.

By virtue of but subject to finalisation of the terms of these agreements, it is expected that the board of directors of each of Nanjing Hongying and Shanghai Sanding will comprise of three members (including Ms. Guo Ying as mentioned in the section headed "Assets and rights to be acquired" above) from time to time nominated by the Group, and the future business and operation of each of Nanjing Hongying and Shanghai Sanding will be managed by the management of the Group rather than the JD Nominees (in their capacities as the registered owners) by virtue of the business operation agreement. All or substantially all the profits of each of Nanjing Hongying and Shanghai Sanding will be vested in to the Group pursuant to the exclusive consultancy and service agreement and the Group will assume the risks and liabilities of these companies by virtue of the business operation agreement. The JD Nominees will act merely as the registered owners; it is expected that the JD Nominees will not have, and will not be able to derive, any interest in each of Nanjing Hongying and Shanghai Sanding, and the equity interests which are registered under their names will be pledged to the Designated JD WFOE. The signing of the documentations for the implementation of the Contractual Arrangements and the legal opinion as regard the legality, validity and enforceability thereof are two of the conditions precedent for Completion, and the Group will closely monitor the terms and conditions of the implementation documentations of the Contractual Arrangements to ensure that the Group's interests in each of Nanjing Hongying and Shanghai Sanding will be safeguarded in every respect. As the Company expects, subject to auditors' confirmation and as one of the conditions precedent for Completion, that each of Nanjing Hongying and Shanghai Sanding will be regarded as wholly owned subsidiaries of the Company, and Mr. Zheng Hao Jiang, a non-executive Director, will be registered owner of less than 10% interest in each of Nanjing Hongying and Shanghai Sanding, the transactions between the Designated JD WFOE and each of Nanjing Hongying and Shanghai Sanding will not be regarded as connected transactions under the Listing Rules.

In respect of the arrangement set out in (i) above, it is envisaged that Yuk Long Cultural Development (Shenzhen) Limited, a wholly foreign owned enterprise established in the PRC on 20 September 2001 and is 100% held by the Company, will be designated as the Designated JD WFOE. Yuk Long Cultural Development (Shenzhen) Limited has been principally engaged in the design of animation and comic in the PRC, with the requisite business licence to engage in the design of animation and comics, related software development and related consultancy services. Services to be provided by the Designated JD WFOE under the exclusive consultancy and service agreement shall include (i) animation production services by way of subcontracting the Designated JD WFOE and (ii) general management consultancy service. On the above basis and with the extensive experience of the Group obtained from the operations of Yuk Long Cultural Development (Shenzhen) Limited, the Directors believe that the Group has the capacity and capability to provide the expected services under the consultancy and service agreement.

In respect of the arrangement set out in (iv) above, the period within which the option to acquire the entire equity interest in each of Nanjing Hongying and Shanghai Sanding to be granted by the JD Nominee(s) to the Designated JD WFOE under the share option agreement to be entered into between the Designated JD WFOE and JD Nominee is to be determined and stipulated in the share option agreement. Nevertheless, it is expected that, subject to final determination between parties to the Framework Agreement, such option will last as long as the JD Nominee(s) remain as the registered holders of the equity interest. The Company will comply with the applicable requirements of the Listing Rules as soon as the terms of the share option agreement have been agreed and, if applicable, the category of notifiable transaction that the transaction may fall can be determined.

In respect of the arrangement set out in (v) above, the share pledge agreement will contain provisions to regulate measures available to the Designated JD WFOE in the event that the JD Nominees shall fail to procure the proper perform by Nanjing Hongying and Shanghai

Sanding of their obligations under the exclusive consultancy and service agreement and the business operation agreement. It is expected that these measures will include (i) the right of the Designated JD WFOE to exercise any powers incidental to the ownership of the entire equity interest in each of Nanjing Hongying and Shanghai Sanding; and (ii) the right to compel the transfer of the entire equity interests to be held by the JD Nominees in Nanjing Hongying and Shanghai Sanding to other nominees as the Company considers fit. Alternatively, the Designated JD WFOE may make use of the exclusive share option agreement and request for the sale by the JD Nominees of the equity interest in Nanjing Hongying and Shanghai Sanding to the Designated JD WFOE. The above measures and related provisions are subject to finalisation of the terms of the share pledge agreement and the share option agreement.

On Completion and subject to the auditors of the Company having confirmed that each of Nanjing Hongying and Shanghai Sanding can be accounted for as wholly-owned subsidiaries of the Company after Completion by virtue of the Contractual Arrangements (the condition (vi) as disclosed under the paragraph headed "Conditions Precedents" above refers), the JD Nominee(s) will be or will be deemed to be a connected person of the Company by virtue of Ms. Guo Ying being substantial shareholders of the subsidiaries of the Company and in the case of Mr. Zheng Hao Jiang, by virtue of him being a non-executive Director. Accordingly, the transaction contemplated under the share option agreement will constitute connected transaction for the Company under Chapter 14A of the Listing Rules and, depending on the applicable percentage ratios set out in Rule 14.07 of the Listing Rules, be subject to the reporting, announcement and/or independent Shareholders' approval requirement (as the case may be) under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements of the Listing Rules as and when appropriate.

As advised by the PRC legal advisers to the Company, the entering into of the Contractual Arrangements (through which the Company will gain entrance to the businesses in which the Acquirees are engaged in the PRC) does not contravene the applicable laws and regulations of the PRC.

Except for the uncertainties regarding the interpretation and enforcement of the PRC laws and regulations in connection with the Contractual Arrangements, the Directors currently do not envisage any material risk which may arise from the Contractual Arrangements. Based on a legal opinion obtained from the Group's PRC legal advisers, subject to due execution of the implementation documentations by the relevant parties, the Directors consider that the Contractual Arrangements are both legally valid and enforceable.

Profit guarantee

Under the Framework Agreement, the Vendors have jointly and severally guaranteed that Suzhou Hongyang, Nanjing Hongying and Shanghai Sanding will have sufficient working capital and resources for the operations of their respective businesses for at least 24 months after the date of Completion, and the aggregate audited profit after tax of Suzhou Hongyang, Nanjing Hongying and Shanghai Sanding will be no less than HK$8,500,000 for each of the two years ending 31 December 2007 and 2008. Should the aggregate audited profit in any of the years mentioned above does not meet guaranteed amount, the Vendors will be required to pay JD Multi-media the shortfall (on a dollar-to-dollar basis) in cash within 14 days after the copy of the audited financial statements for the financial year in question is provided to JD Multi-media. In the event of the occurrence of force majeure events such as fire, flood, natural disaster, conflict, riot, labor or trade dispute, power malfunction, trade embargo, the amount of the profit guarantee will be adjusted downwards by such amount certified by the auditors of the Company if any of Suzhou Hongyang, Nanjing Hongying or Shanghai Sanding suffers loss of profit or additional losses arising from the force majeure events. The Framework

Agreement does not specify a maximum limit on the adjustment. The Directors consider that the guaranteed profit of HK$8,500,000 is achievable since the guaranteed amount was arrived at based on contracts on hand, work in progress, contracts under negotiation of the Acquirees and the growth potential of the animation sector in the PRC.

The Call Option

Under the Framework Agreement, the parties further agree to enter into the Option Deed prior to Completion pursuant to which Taiwan Hongying shall, for a consideration of HK$100, grant to JD Multi-media the Call Option for the further acquisition of the remaining 49% interest in the issued share capital of Samoa Hongying. The Call Option shall be exercisable by JD Multi-media in one lot during the period commencing from the date of Completion and up to and including 30 April 2009 at the exercise price of HK$49,000,000. Such exercise price of the Call Option shall be satisfied as to (i) HK$4,900,000 (or approximately RMB4,802,000) in cash and (ii) the remaining HK$44,100,000 through the issue of new Option Consideration Shares at a price per Share as determined by the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 50 trading days immediately preceding the exercise of the Call Option. The issue of new Shares pursuant to the Call Option shall be subject to a maximum of 90,000,000 Option Consideration Shares, representing approximately 9.65% and 8.46% of the Company's issued share capital (i) as at the date of this announcement and (ii) as enlarged by the issue of the Acquisition Consideration Shares and the Option Consideration Shares, respectively. If the number of Option Consideration Shares as determined by the above mechanism shall exceed 90,000,000, the Company shall only be required to issue 90,000,000 Option Consideration Shares to Taiwan Hongying and JD Multi-media shall pay Taiwan Hongying the shortfall in cash. For illustration purposes only, on the basis of the average closing price of the Shares as quoted on the Stock Exchange during the 50 trading days up to and including 15 May 2007 (being the last trading date prior to the signing of the Framework Agreement) of HK$0.62 per Share, 71,129,032 Option Consideration Shares shall be issued upon the exercise of the Call Option. The Directors are of the view that the exercise price of HK$49,000,000 is justified having taken into consideration (i) the growth potential of the animation sector in the PRC, (ii) the profit guarantee mentioned above, (iii) the Acquirees' animation subcontracting contracts in the pipeline and under negotiations from both overseas and PRC and (iv) the prospect of Samoa Hongying as a result of the factors mentioned immediately above in this sentence during the exercise period of the Call Option.

The grant and exercise of the Call Option will be subject to (if applicable) the Company having complied with the applicable requirements under the Listing Rules and the Completion taking place. If Completion does not take place within five business days after 12 September 2007 (or such later date as the parties may mutually agree), the Call Option will lapse automatically thereafter.

The Put Option

Under the Framework Agreement, the parties also agree that JD Multi-media shall, for a consideration of HK$100, grant to Taiwan Hongying the Put Option for the sale of the remaining 49% interest in the issued share capital of in Samoa Hongying under the Option Deed. The exercise of the Put Option is subject to Suzhou Hongyang, Nanjing Hongying and Shanghai Sanding being able to meet the guaranteed profit as mentioned above. The Put Option shall be exercisable by Taiwan Hongying in one lot after the expiry of the exercise period of the Call Option and on or before 21 May 2009 at the exercise price of HK$49,000,000. Such exercise price of the Put Option shall be satisfied as to (i) HK$4,900,000 (or approximately RMB4,802,000) in cash and (ii) the remaining HK$44,100,000 through the issue of new Option Consideration Shares at a price per Share as determined by the average

closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 50 trading days immediately preceding the exercise of the Put Option. The issue of new Shares pursuant to the Put Option shall be subject to a maximum of 90,000,000 Option Consideration Shares, representing approximately 9.65% and 8.46% of the Company's issued share capital (i) as at the date of this announcement and (ii) as enlarged by the issue of the Acquisition Consideration Shares and the Option Consideration Shares, respectively. If the number of Option Consideration Shares as determined by the above mechanism shall exceed 90,000,000, the Company shall only be required to issue 90,00,000 Option Consideration Shares to Taiwan Hongying and JD Multi-media shall pay Taiwan Hongying the shortfall in cash. For illustration purposes only, on the basis that the average closing price of the Shares as quoted on the Stock Exchange during the 50 trading days up to and including 15 May 2007 (being the last trading date immediately prior to the signing of the Framework Agreement) of HK$0.62 per Share, 71,129,032 Option Consideration Shares shall be issued upon the exercise of the Put Option. The Directors are of the view that the exercise price of HK$49,000,000 is justified having taken into consideration (i) the growth potential of the animation sector in the PRC, (ii) the profit guarantee mentioned above, (iii) the Acquirees' animation subcontracting contracts in the pipeline and under negotiations from both overseas and PRC and (iv) the prospect of Samoa Hongying as a result of the factors mentioned immediately above in this sentence during the exercise period of the Call Option and the Put Option.

The grant of the Put Option will be subject to the Company having complied with the applicable requirements under the Listing Rules (including in respect of the transactions contemplated upon exercise by Taiwan Hongying of the Put Option) and the Completion taking place. If Completion does not take place within five business days after 12 September 2007 (or such later date as the parties may agree), the Put Option will lapse automatically thereafter.

Lockup undertaking

Taiwan Hongying has undertaken to the Company that it will not dispose or otherwise sell more than 10,000,000 Acquisition Consideration Shares during the 6 month period following the date of the Completion unless prior written approval has been obtained from the Company.

Taiwan Hongying will also undertake to the Company and JD Multi-media under the Option Deed that it will not dispose or otherwise sell more than 10,000,000 Option Consideration Shares during the 6 month period following the date of completion of the exercise of the Call Option or, as the case may be, the Put Option, unless prior written approval has been obtained from the Company and JD Multi-media.

Personal guarantee

Under the Framework Agreement, Mr. Hsieh has undertaken to guarantee and procure the performance of Taiwan Hongying of its duties and obligations under the Framework Agreement, and will guarantee and procure the performance of Taiwan Hongying of its duties and obligations under the Option Deed.

SHAREHOLDING STRUCTURE OF THE COMPANY

We set out the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately following the issue of the Acquisition Consideration Shares and (iii) immediately following the issue of the Acquisition Consideration Shares and the Option Consideration Shares below.

Name of Shareholder	Number of Shares held as at the date of this announcement	%	Number of Shares held immediately after the issue of the Acquisition Consideration Shares	%	Number of Shares held immediately after the issue of the Acquisition Consideration Shares and the Option Consideration Shares	%
Substantial Shareholder						
Super Empire Investments Limited[1]	323,435,100	34.69	323,435,100	33.23	323,435,100	30.42
Directors						
Mr. Tong Kai Lap[2]	17,585,866	1.89	17,585,866	1.81	17,585,866	1.65
Mr. Wan Siu Lun	504,000	0.05	504,000	0.05	504,000	0.05
Mr. Wong Chun Keung	4,264,000	0.46	4,264,000	0.43	4,264,000	0.40
Mr. Ko Chi Keung	580,000	0.06	580,000	0.06	580,000	0.05
Mr. Kwong Chi Tak	1,122,666	0.12	1,122,666	0.12	1,122,666	0.11
	24,056,532	2.58	24,056,532	2.47	24,056,532	2.26
Taiwan Hongying[3]	–	–	40,800,000	4.19	130,800,000	12.30
Other Shareholders						
Galaxy China Opportunities Fund	57,952,000	6.22	57,952,000	5.95	57,952,000	5.45
Public Shareholders	526,950,818	56.51	526,950,818	54.16	526,950,818	49.57
Total	932,394,450	100.00	973,194,450	100.00	1,063,194,450	100.00

Notes:

1. Super Empire Investments Limited is a company held as to 100% by Mr. Wong Chun Loong.

2. 10,274,400 Shares are held by Rapid Alert International Limited, a company held as to 100% by a discretionary trust of which Mr. Tong Kai Lap is the founder, 4,760,000 Shares are beneficially held by Mr. Tong Kai Lap and the remaining 2,511,466 Shares are beneficially held by Ms. Wong Miu Ling, Patricia, the spouse of Mr. Tong Kai Lap.

3. The 130,800,000 Shares that may be held by Taiwan Hongying immediately after the issue of the Acquisition Consideration Shares and the Option Consideration Shares is based on a maximum of 90,000,000 Option Consideration Shares that can be issued pursuant to the exercise of the Call Option or, as the case may be, the Put Option.

REASONS FOR AND THE BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in the publication of comic books and multimedia development. In the normal course of the Group's business, Suzhou Hongyang was engaged as an animation sub-contractor of the Group in relation to the provision of production services for the Group's animation series 神兵小將 (Shen Bing Kids). The Acquirees are one of the largest animation production groups in the PRC with around 800 employees. Some of these employees have had over 20 years of experience in the business of animation production. Suzhou Hongyang was also the first animation 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 include CCTV, Shanghai Media Group and Shanghai Animation Film Studio in the PRC; Disney, Warner, DIC Entertainment, Fox, etc. in the United States; Nelvana Limited, Tooncan Productions, etc. in Canada; Les Film de la Perrine, Millimages, etc. in France; OLM and Satelight in Japan; Dongwoo in Korea; plus over a hundred other entities in Germany, the United Kingdom, Belgium, Italy, Australia, New Zealand, Spain, Hungary and the Philippines. Having established a good working relationship with Suzhou Hongyang, the Directors are satisfied with the performance of it, its senior management and Mr. Hsieh and believe that vertically integrating the businesses of Suzhou Hongyang into the Group by way of the Acquisitions would benefit the long-term development of the Group. Nanjing Hongying has two self-developed animation series, namely 飲茶's (Yamucha's) and 象棋王(Xianqi Master), which are/will be broadcasted by television stations in the PRC and overseas. As for Shanghai Sanding, it has established a computerized 3D animation production team leveraging on a foundation built on traditional manually drawn 2D animation. The Directors consider that the Acquisitions would allow the Group to tap into these markets which would bring long-term benefits to the Group's animation development in the PRC. Because Nanjing Hongying has already obtained the relevant television broadcast permit in the PRC for two of its self-developed animation series of Nanjing Hongying and Shanghai Sanding has been principally engaged in the production of television programs in the PRC, the Directors further believe that Nanjing Hongying and Shanghai Sanding are excellent distribution platforms for the Group to produce and launch its own animation titles such as a Chinese animated series using the figure of the world-famous star Jackie Chan (together with derivative merchandizes for the animation series) in the PRC in the future. Details regarding the Group's upcoming Jackie Chan animation is set out in the sub-section headed "Prospects" in the section headed "Management Discussion and Analysis" of the Company's interim report for the six months ended 30 September 2006. The Directors believe that bridging the creativity of the Hong Kong team with the talented production team in the PRC by way of the Acquisitions enables the Group to enjoy effective production support and is expected to bring long-term positive impacts on the course of the Group's development.

Having taken the aforesaid into account, the Directors consider that the terms of the Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE ACQUIREES

Samoa Hongying

Samoa Hongying was incorporated in Samoa with limited liability and its sole business is investment holding. The principal asset of Samoa Hongying is its 100% equity interest in Suzhou Hongyang. Suzhou Hongyang is a wholly foreign owned enterprise established in the PRC, and is principally engaged in (i) design, production and sale of computer software, (ii) production of various types of animation and (iii) provision of post-production services for animation film. The audited financial information (prepared using accounting principles generally accepted in the PRC) of Suzhou Hongyang for the two years ended 31 December 2005 and 2006 is set out below:

	Year ended 31 December 2005 *RMB'000*	**Year ended 31 December 2006 *RMB'000***
Profit/(loss) before tax	2,217	**(2,407)**
Profit/(loss) after tax	1,486	**(2,407)**

Nanjing Hongying

Nanjing Hongying was established as a domestic enterprise in the PRC on 23 March 2006. It is principally engaged in, amongst others, the production and distribution of television animation. The unaudited financial information (prepared using accounting principles generally accepted in the PRC) of Nanjing Hongying for the year ended 31 December 2006 is set out below:

	Year ended 31 December 2006 *RMB'000*
(Loss) before and after tax	**(148)**

Shanghai Sanding

Shanghai Sanding was established as a domestic enterprise in the PRC. It is principally engaged in, amongst others, the production of television programs. The unaudited financial information (prepared using accounting principles generally accepted in the PRC) of Shanghai Sanding for the two years ended 31 December 2005 and 2006 is set out below:

	Year ended 31 December 2005 *RMB'000*	**Year ended 31 December 2006 *RMB'000***
Profit/(loss) before tax	3,629	**(1,256)**
Profit/(loss) after tax	3,629	**(1,256)**

INFORMATION ON THE COMPANY

The Company was incorporated as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda (as amended), the Shares of which are listed on the Main Board. The Group is principally engaged in the publication of comic books and multimedia development.

INFORMATION OF TAIWAN HONGYING

Taiwan Hongying is a company established in Taiwan with limited liability. It is principally engaged in investment holding. Prior to the Completion, it is an Independent Third Party.

GENERAL

For the purpose of calculation the applicable percentage ratios under Chapter 14 of the Listing Rules, according to Rule 14.74 of the Listing Rules, the grant of the Put Option (the exercise of which is not at the discretion of the Company) shall be treated as if the Put Option had been exercised. For the Call Option, according to Rule 14.75 of the Listing Rules, only the premium of the Call Option (i.e. HK$100) will be taken into account for the purpose of determining the applicable percentage ratios and accordingly, the grant of the Call Option will not be classified as a notifiable transaction upon its grant. As the assets ratio and revenue ratio of the Acquisitions and the exercise of the Put Option, on an aggregate basis, exceed 25% but are less than 100%, the Acquisitions and the grant of the Put Option are classified as major transactions under the Listing Rules and are subject to the approval of the Shareholders.

As Samoa Hongying will become a non-wholly owned subsidiary of the Company after Completion and Taiwan Hongying will own 49% of its issued share capital and therefore a substantial shareholder of Samoa Hongying. Taiwan Hongying will become a connected person after Completion and the exercise of the Call Option by JD Multi-media in the future and the transactions contemplated thereunder will constitute connected transactions under Chapter 14A of the Listing Rules. The exercise of the Call Option by JD Multi-media in the future may also constitute notifiable transaction under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements under Chapters 14 and 14A of the Listing Rules at the time of exercise of the Call Option including seeking the specific mandate in relation to the allotment and issue of the Option Consideration Shares pursuant to the exercise of the Call Option.

Since none of the Shareholders has an interest in the Framework Agreement, or the SP Agreement (if concluded) and the transactions contemplated thereunder (including the entering into of the Option Deed) which is different from the other Shareholders, none of the Shareholders will be required to abstain from voting in favour of the resolutions in connection with the approval thereof.

The SGM will be held to consider and, if thought fit, passing the resolutions to approve the Framework Agreement, the SP Agreement (if concluded) and the transactions contemplated thereunder including the Acquisitions and the Option Deed, the grant of the Put Option and the transactions arising out of the exercise of the Put Option. Furthermore, the Company will seek the grant of a specific mandate to allot and issue Shares to satisfy the allotment and issue of the Acquisition Consideration Shares under the Framework Agreement or the SP Agreement (if concluded) and the Option Consideration Shares under the Put Option at the SGM. A circular containing, among other things, details of the Framework Agreement, the SP Agreement (if concluded), the transactions contemplated thereunder including the Acquisitions, the Call Option and the Put Option, financial information of the Acquirees and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

All further information necessary to enable the Shareholders to make an informed decision will be included in the circular to be issued by the Company in relation to the proposed Acquisitions and all related transactions (including the proposed grant of the Call Option and the Put Option under the Option Deed). Having considered that (i) the Framework Agreement is legally binding on the parties thereto, (ii) the terms of the transactions contemplated under

the Framework Agreement are not expected to be revised and (iii) the terms of the SP Agreement (if concluded) and the Option Deed are expected to be materially identical to the relevant terms of the Framework Agreement, the Directors consider that the information contained in this announcement and the circular mentioned above shall be sufficient for the Shareholders to make an informed decision when voting on the transactions contemplated under the Framework Agreement and in particular, the Call Option and the Put Option.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Acquisition Consideration Shares and, upon the exercise of the Put Option, the Option Consideration Shares, on the Main Board in due course.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board was suspended with effect from 9:30 a.m. on 16 May 2007 pending the issue of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Main Board with effect from at 9:30 a.m. on 28 May 2007.

DEFINITIONS

Terms used in this announcement have the following meanings unless the context otherwise requires:

"Acquirees"	Samoa Hongying, Nanjing Hongying and Shanghai Sanding
"Acquisitions"	the acquisitions of the shares, economic rights and interests in the Acquirees contemplated under the Framework Agreement and as described in the paragraph "Assets and rights to be acquired" under the section headed "The Framework Agreement" above
"Acquisition Consideration Shares"	the 40,800,000 Shares to be allotted and issued, credited as fully paid, to Taiwan Hongying by the Company as part of the consideration payable by JD Multi-media for the Acquisitions
"Board"	the board of Directors
"Call Option"	the call option to be granted by Taiwan Hongying to JD Multi-media under the Option Deed for the purchase of the remaining 49% interest in the issued share capital of Samoa Hongying by JD Multi-media from Taiwan Hongying, particulars of which are set out in the sub-section headed "Call Option" in the section headed "The Framework Agreement" above
"Company"	Jade Dynasty Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board
"Completion"	completion of the Acquisitions pursuant to the terms of the Framework Agreement or the SP Agreement (if concluded)

"Contractual Arrangements"	the contractual arrangements as referred to in the sub-section headed "Contractual Arrangements" under the section headed "The Framework Agreement" above
"Directors"	the directors of the Company
"Framework Agreement"	the agreement dated 15 May 2007 entered into by JD Multi-media and the Vendors, as supplemented by the Supplemental Agreement
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
"JD Multi-media"	Jade Dynasty Multi-media Limited, a wholly owned subsidiary of the Company incorporated in Samoa, being the purchaser under the Acquisitions
"JD Nominee(s)"	shall have the meaning ascribed to it in the sub-section "Assets and rights to be acquired" under the section headed "The Framework Agreement" above
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Mr. Hsieh"	Mr. Hsieh Tai-chun (謝台春), being one of the Vendors under the Acquisitions
"Nanjing Hongying"	南京鴻鷹動漫娛樂有限公司 (Nanjing Hongying Anmie-cartoon Entertainment Company Limited*), a domestic company established in the PRC with limited liability
"Option Deed"	the option deed to be entered into between the Vendors and JD Multi-media prior to Completion in respect of the grant of the Call Option and the Put Option
"Option Consideration Shares"	a maximum of 90,000,000 Shares to be allotted and issued, credited as fully paid, to Taiwan Hongying by the Company for payment of the exercise price payable by JD Multi-media upon completion of the Call Option or, as the case may be, the Put Option, particulars of which are set out in the sub-sections headed "Call Option" and "Put Option" under the section headed "The Framework Agreement"

"PRC"	the People's Republic of China
"Put Option"	the put option to be granted by JD Multi-media to Taiwan Hongying under the Option Deed for the sale of the remaining 49% interest in the issued share capital of Samoa Hongying by Taiwan Hongying to JD Multi-media, particulars of which are set out in the sub-section headed "Put Option" in the section headed "The Framework Agreement" above
"Samoa"	the Independent State of Samoa
"Samoa Hongying"	Hong Ying Universe Co., Ltd. (鴻鷹世界股份有限公司*), a company incorporated in Samoa with limited liability whose principal asset is its 100% equity interest in Suzhou Hongyang
"SGM"	the special general meeting of the Company to be convened to approve the Framework Agreement or the SP Agreement (if concluded) and the transactions contemplated thereunder
"Shanghai Sanding"	上海三鼎動畫創作有限公司 (Shanghai Sanding Animation Creation Company Limited*), a domestic company established in the PRC with limited liability
"Share(s)"	the Shares of HK$0.002 in the issued share capital of the Company
"Shareholders"	the shareholders of the Company
"SP Agreement"	the formal sale and purchase agreement to be entered into between the Vendors and JD Multi-Media to, among others, include the terms set out in the Framework Agreement and any other supplements or clarifications to be agreed by JD Multi-media and the Vendors and the forms of the other ancillary agreements and documentations for the implementation of the Contractual Arrangements
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement to the Framework Agreement dated 25 May 2007 entered into by JD Multi-media and the Vendors
"Suzhou Hongyang"	蘇州鴻揚卡通制作有限公司 (Suzhou Hongyang Cartoon Production Company Limited*), a wholly foreign owned enterprise established in the PRC with limited liability
"Taiwan Hongying"	鴻鷹世界股份有限公司 (Hong Ying Universe Company Limited*), a company established in Taiwan with limited liability, being one of the Vendors under the Acquisitions
"Vendors"	collectively, Mr. Hsieh and Taiwan Hongying, being the vendors under the Acquisition

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

For illustrative purposes in this announcement only, exchange of HK$ into RMB has been carried out at an exchange rate of HK$1 = RMB0.98.

By the order of the Board
Jade Dynasty Group Limited
Ko Chi Keung
Chief Executive Officer and Director

Hong Kong, 25 May 2007

As at the date of this announcement, the Company has five executive directors, one non-executive director and three independent non-executive directors. 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.

* *for identification purposes only.*

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