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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)

UPDATE ON THE PROPOSED MAJOR TRANSACTION IN RELATION TO ACQUISITION OF INTERESTS IN THE ACQUIREES AND GRANTS OF CALL OPTION AND PUT OPTION AND FURTHER DELAY IN DESPATCH OF CIRCULAR

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.38 of the Listing Rules and a further extension of the time of the despatch of the Circular from 10 August 2007 to not later than 31 August 2007.

Reference is made to the Company's announcements dated 25 May 2007 (the "First Announcement") and 14 June 2007 (the "Second Announcement") with respect to the major transaction in connection with the acquisition of interests in the Acquirees and grants of the Call Option and the Put Option. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the First Announcement.

Under Rule 14.38 of the Listing Rules, the Company is required to despatch to the Shareholders a circular (the "Circular") containing, among others, details of the proposed major transaction within 21 days after the publication of the First Announcement, which shall be on or before 15 June 2007. As stated in the Second Announcement, the Company has applied for a waiver from strict compliance with Rule 14.38 of the Listing Rules and an extension of the time of the despatch of the Circular from 15 June 2007 to 10 August 2007.

The Directors wish to announce that the parties to the formal SP Agreement have not finalized the terms thereof and they have not signed the SP Agreement as at the date of this announcement. As stated under the section headed "Condition precedents" in the First Announcement, a satisfactory due diligence review by the Group on the assets, liabilities, business and operations of each of the Acquirees is one of the condition precedents to the Framework Agreement. In connection with that, the Group has engaged a PRC legal adviser to compile a due diligence report on the Acquirees. Due to unforeseen complexities in relation to the scope of the due diligence review and the number of

documents involved (for instance, Suzhou Hongyang and Shanghai Sanding were established over 10 years and 13 years ago in April 1997 and June 1994 respectively), the due diligence report is currently still under preparation and is not finalized yet. The Directors are of the view that it is in the interest of the Group to have a satisfactory due diligence review on the Acquirees prior to the signing of the formal SP Agreement. Accordingly, it is the Directors' intention that the signing of the formal SP Agreement will occur after the finalized due diligence report is received by the Group from the PRC legal adviser. As stated in the Second Announcement, the Company considers that it is in the best interests of the Shareholders to have the definitive terms of the SP Agreement included in the Circular to enable the Shareholders to make a more informed decision when casting their votes at the SGM. Accordingly, the despatch of the Circular is inevitably further postponed.

Furthermore, it is stated in the Second Announcement that additional time is required for the preparation and finalization of the Circular, which includes (without limitation) completing the accountants' report on the Acquirees and the pro forma financial statements of the Group. As additional time is required by the Group's auditors to complete their work, the Directors wish to state that the aforesaid financial information is currently under preparation by the Group's auditors as at the date of this announcement.

In view of the foregoing, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.38 of the Listing Rules and a further extension of the time of the despatch of the Circular from 10 August 2007 to not later than 31 August 2007.

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

Hong Kong, 9 August 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.*