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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)

SIGNING OF SP AGREEMENT AND THE OPTION DEED IN CONNECTION WITH THE PROPOSED MAJOR TRANSACTION IN RELATION TO ACQUISITION OF INTERESTS IN THE ACQUIREES AND GRANTS OF CALL OPTION AND PUT OPTION

Financial adviser to the Company

AmCap
Ample Capital Limited
豐盛融資有限公司

The Directors are pleased to announce that (i) JD Multi-media as the purchaser, (ii) the Company as the guarantor of JD Multi-media, (iii) Taiwan Hongying and Samoa Hongying as the Vendors and (iv) Mr. Hsieh as the guarantor of the Vendors have entered into the SP Agreement on 20 August 2007 which supersedes the Framework Agreement (as supplemented by the Supplemental Agreement).

The Directors further announce that JD Multi-media and the Vendors have entered into the Option Deed on 20 August 2007 pursuant to which the Call Option and the Put Option were granted.

* *for identification purposes only*

A circular containing, among other things, details of the SP Agreement, 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 is expected to be despatched to the Shareholders no later than 31 August 2007.

Reference is made to the Company's announcements dated 25 May 2007, 14 June 2007 and 9 August 2007 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.

THE SP AGREEMENT

The Directors are pleased to announce that (i) JD Multi-media as the purchaser, (ii) the Company as the guarantor of JD Multi-media, (iii) Taiwan Hongying and Samoa Hongying as the Vendors and (iv) Mr. Hsieh as the guarantor of the Vendors have entered into the SP Agreement on 20 August 2007. The SP Agreement supersedes all previous agreements or arrangements (including those under the Framework Agreement and the Supplemental Agreement) between JD Multi-media, Taiwan Hongying and Mr. Hsieh in respect of the Acquisitions.

Save for the changes set out below, the material terms of the SP Agreement including the Contractual Arrangements are identical to those under the Framework Agreement as disclosed in the Announcement.

Change in the structure of the Acquisitions

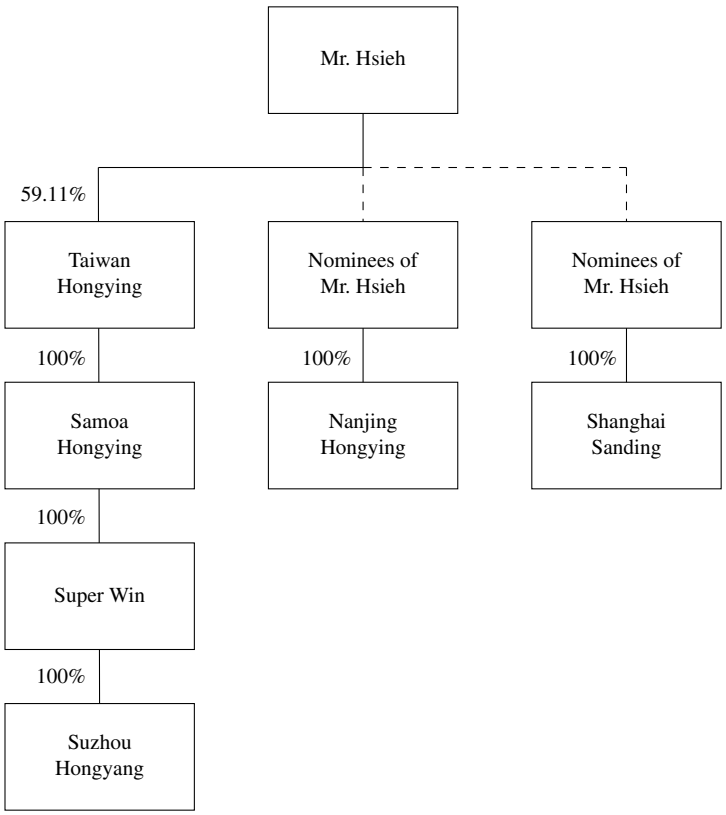
As disclosed in the Announcement, JD Multi-media was to purchase a 51% interest in Samoa Hongying (which directly holds the entire equity interest in Suzhou Hongyang) from Taiwan Hongying under the Framework Agreement. With the consent of JD Multi-media, certain restructuring involving Suzhou Hongyang has taken place since the entering into of the Framework Agreement to the effect that the entire interest in Suzhou Hongyang had, as at the date of this announcement, become solely held by Samoa Hongying through its wholly-owned subsidiary, Super Win. Consequently, it was agreed that the structure of the Acquisitions under the SP Agreement shall be changed such that JD Multi-media will conditionally purchase from Samoa Hongying 51% of the issued share capital of Super Win. In essence, (i) Taiwan Hongying and Samoa Hongying as vendors under the SP Agreement have agreed to sell or (as

the case may be) procure the sale of 51% equity interest in Super Win, (ii) Mr. Hsieh has agreed to secure the performance of the obligations of Taiwan Hongying and Samoa Hongying under the SP Agreement, (iii) the Company has agreed to secure the performance of the obligations of JD Multi-media and (iv) Super Win has replaced Samoa Hongying as one of the Acquirees under the terms of the SP Agreement.

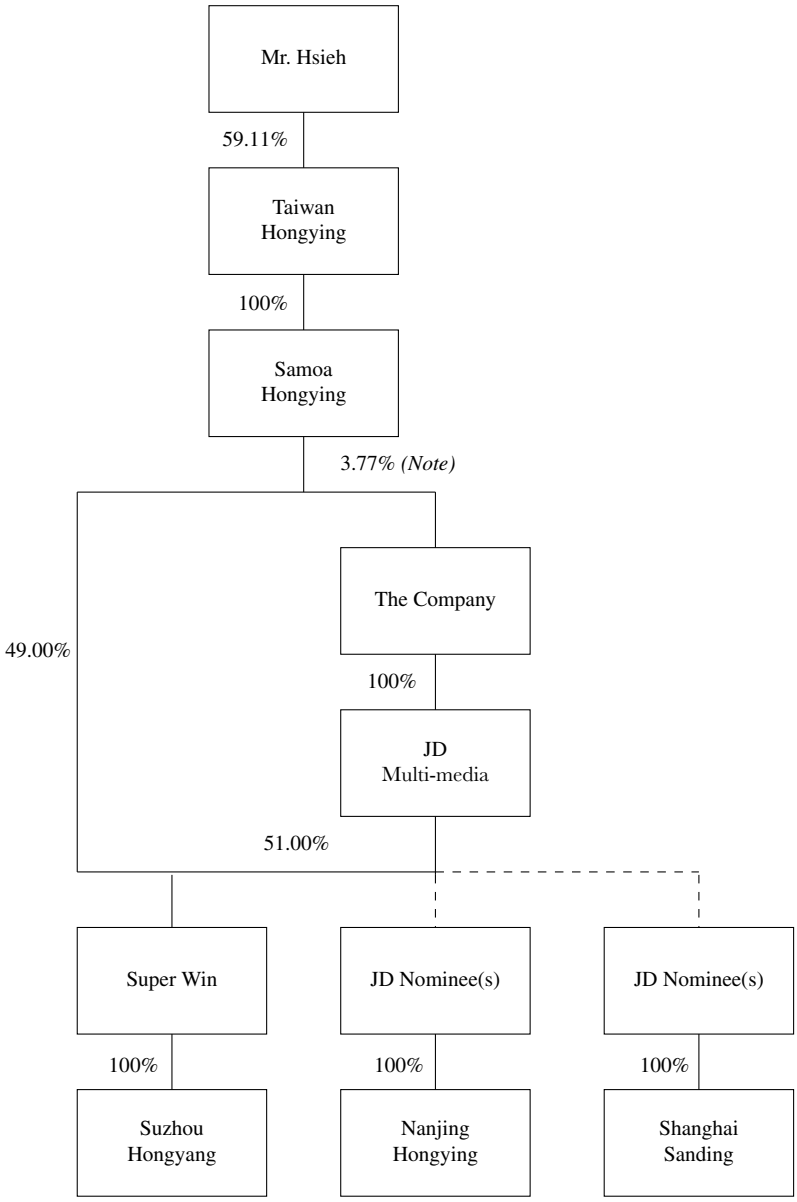
To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Vendors and their ultimate beneficial owners are Independent Third Parties.

The revised shareholding structure of the Acquirees is set out below.

Immediately before the Acquisitions

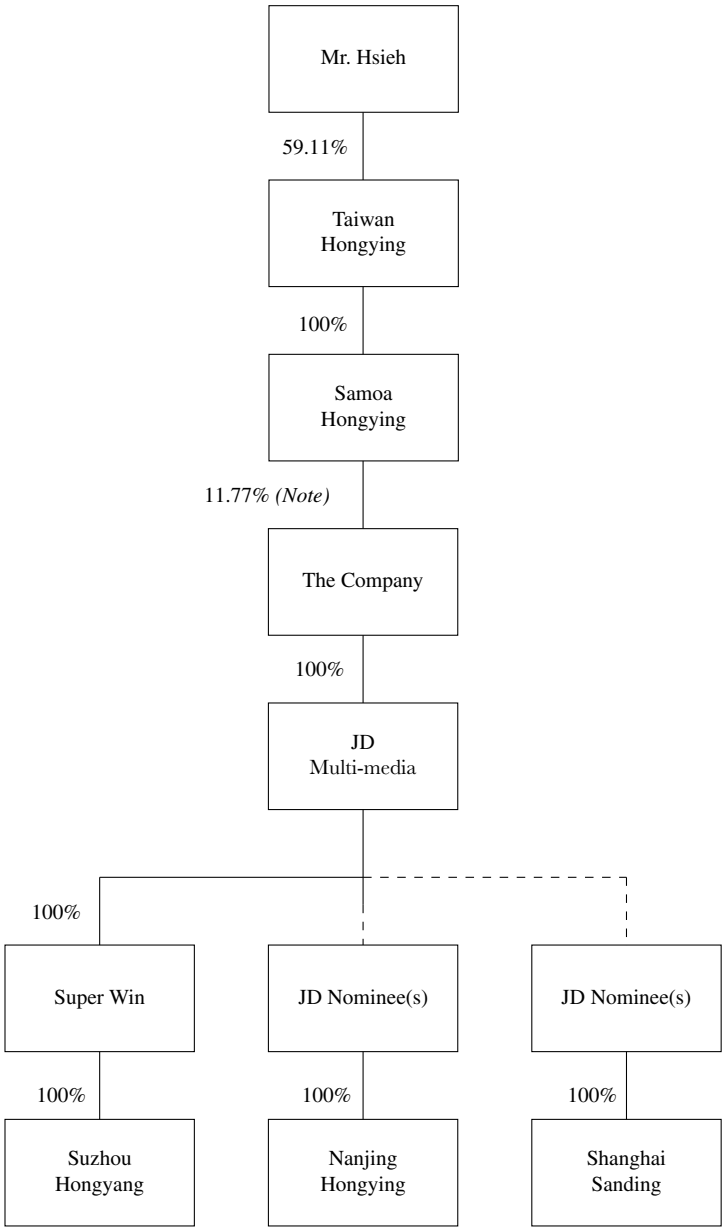


Immediately after the Acquisitions and before the exercise of the Call Option or the Put Option



Note: The percentage of shareholding of Samoa Hongying in the Company is based on 1,040,394,450 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. The number of Acquisition Consideration Shares remains the same as disclosed in the Announcement. As stated in the Announcement, Taiwan Hongying (replaced by Samoa Hongying under the SP Agreement) was expected to have an approximate 4.19% shareholding in the Company as a result of the issue of the Acquisition Consideration Shares. Samoa Hongying's shareholding in the Company after the Acquisitions but before the exercise of the Call Option or Put Option is now expected to be around 3.77% because subsequent to the date of the Announcement, the Company has conducted a top-up placing involving the issue of 100,000,000 new Shares as announced on 31 May 2007.

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



Note: The shareholding of Samoa Hongying in the Company is based on 1,040,394,450 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. The number of Acquisition Consideration Shares and Option Consideration Shares remain the same as disclosed in the Announcement. As stated in the Announcement, Taiwan Hongying (replaced by Samoa Hongying under the SP Agreement) was expected to have an approximately 12.30% shareholding in the Company as a result of the issue of the Acquisition Consideration Shares and the Option Consideration Shares. Samoa Hongying's shareholding in the Company after the Acquisitions and the exercise of the Call Option or Put Option is now expected to be around 11.77% because subsequent to the date of the Announcement, the Company has conducted a top-up placing involving the issue of 100,000,000 new Shares as announced on 31 May 2007.

As a result of the aforementioned change in structure of the Acquisitions, material terms as disclosed in the Announcement are revised under the SP Agreement as follows:

Assets and rights to be acquired

(i) 51% of the entire issued share capital of Super Win;

(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.

Consideration

Under the SP Agreement, JD Multi-media shall pay to 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 Samoa Hongying at a price of HK$0.80 per Share for Super Win, (ii) HK$7,500,000 in cash to Mr. Hsieh (or such person as he may direct) for Nanjing Hongying and (iii) HK$660,000 in cash to Mr. Hsieh (or such person as he may direct) for Shanghai Sanding. The Acquisition Consideration Shares represents approximately 3.92% and 3.77% 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 40,800,000 Acquisition Consideration Shares to be issued pursuant to the SP Agreement remains unchanged from the number of Acquisition Consideration Shares previously disclosed in the Announcement.

Condition precedents

Under the SP Agreement, the condition precedents (based on the same numbering as those in the Announcement) are revised as follows:

(i) the delivery of a Samoa legal opinion in form and substance satisfactory to JD Multi-media to confirm the due incorporation and subsistence of Super Win;

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

(iii) if required, the Shareholders having approved in the general meeting (a) the SP Agreement 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 Samoa Hongying pursuant to the exercise of the Put Option and the relevant specific mandate.

Lockup undertaking

The Vendors have undertaken to the Company that they 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.

Samoa Hongying has also undertaken to 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 JD Multi-media.

Personal guarantee

Under the SP Agreement, Mr. Hsieh, as a guarantor to the Vendors, undertakes to guarantee and procure the performance of the Vendors of their duties and obligations under the SP Agreement, and will guarantee and procure the performance of Samoa Hongying of its duties and obligations under the Option Deed.

Reason for the change in structure of the Acquisitions

The Directors consider that the restructuring involving Suzhou Hongyang has the effect of protecting the Group's interests. Since Super Win was incorporated in Samoa on 14 June 2007, it is a clean vehicle which has not undertaken any business activities other than the holding of the entire equity interest in Suzhou Hongyang. This would minimize any potential hidden liabilities (if any) that may be associated with Samoa Hongying.

Contractual Arrangements

It is stated in the Announcement that 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 Contractual Arrangements under the SP Agreement is identical to those set out under the Framework Agreement. Please refer to the sub-section headed "Contractual Arrangements" under the section headed "Framework Agreement" in the Announcement for further information in relation to the Contractual Arrangements.

THE OPTION DEED

The Directors further announce that JD Multi-media and the Vendors have entered into the Option Deed on 20 August 2007 pursuant to which the Call Option and the Put Option were granted. Save for the changes set out below, material terms of the Option Deed are identical to the relevant terms of the Framework Agreement as disclosed in the Announcement.

Changes to the parties involved

As mentioned in the section headed "The SP Agreement" above, Super Win has replaced Samoa Hongying as one of the Acquirees under the terms of the SP Agreement. As a result of such changes, Samoa Hongying has, under the terms of the Option Deed, granted to JD Multi-media the Call Option for the acquisition of the remaining 49% interest in the issued share capital of Super Win. In addition, JD Multi-media has, under the terms of the Option Deed, granted to Samoa Hongying the Put Option for the sale of the remaining 49% interest in the issued share capital of Super Win.

The 90,000,000 Option Consideration Shares to be issued pursuant to the Option Deed remains unchanged from the number of Option Consideration Shares previously disclosed in the Announcement.

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]	303,435,100	29.17	303,435,100	28.06	303,435,100	25.91
Directors						
Mr. Tong Kai Lap[2]	17,585,866	1.69	17,585,866	1.63	17,585,866	1.50
Mr. Wan Siu Lun	504,000	0.05	504,000	0.05	504,000	0.04
Mr. Wong Chun Keung	4,264,000	0.41	4,264,000	0.39	4,264,000	0.36
Mr. Ko Chi Keung	580,000	0.06	580,000	0.05	580,000	0.05
Mr. Kwong Chi Tak	1,122,666	0.11	1,122,666	0.10	1,122,666	0.10
	24,056,532	2.32	24,056,532	2.22	24,056,532	2.05
Samoa Hongying[3]	–	–	40,800,000	3.77	130,800,000	11.17
Other Shareholders						
Evolution Master Fund Ltd.	119,473,864	11.48	119,473,864	11.05	119,473,864	10.20
Galaxy China Opportunities Fund	52,224,000	5.02	52,224,000	4.83	52,224,000	4.46
Public Shareholders	541,204,954	52.01	541,204,954	50.07	541,204,954	46.21
Total	1,040,394,450	100.00	1,081,194,450	100.00	1,171,194,450	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 2,551,466 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 Samoa 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.

INFORMATION ON SUPER WIN

Super Win was incorporated in Samoa with limited liability on 14 June 2007 and its sole business is investment holding. The sole asset of Super Win is its 100% equity interest in Suzhou Hongyang. Super Win was incorporated with an issued share capital of US$1,500,000. It has not conducted any business activities since incorporation and the sole entry in its books is the investment in Suzhou Hongyang. Accordingly, the unaudited net asset value of Super Win is also US$1,500,000.

GENERAL

The Directors would like to point out that as a result of the change in the structure of the Acquisitions, Super Win will become a non-wholly owned subsidiary of the Company after Completion and Samoa Hongying will own 49% of its issued share capital and therefore a substantial shareholder of Super Win. Samoa 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.

A circular containing, among other things, details of the SP Agreement, 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 is expected to be despatched to the Shareholders no later than 31 August 2007.

DEFINITIONS

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

"Acquirees"	Super Win, Nanjing Hongying and Shanghai Sanding
"Acquisitions"	the acquisitions of the shares, economic rights and interests in the Acquirees contemplated under the SP Agreement
"Acquisition Consideration Shares"	the 40,800,000 Shares to be allotted and issued, credited as fully paid, to Samoa Hongying by the Company as part of the consideration payable by JD Multi-media for the Acquisitions
"Announcement"	the Company's announcement dated 25 May 2007
"Board"	the board of Directors
"Call Option"	the call option granted by Samoa Hongying to JD Multi-media under the Option Deed for the purchase of the remaining 49% interest in the issued share capital of Super Win by JD Multi-media from Samoa Hongying
"Company"	Jade Dynasty Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange, being the guarantor of JD Multi-media under the SP Agreement
"Completion"	completion of the Acquisitions pursuant to the terms of the SP Agreement

"Contractual Arrangements"	the contractual arrangements as referred to in the sub-section headed "Contractual Arrangements" under the section headed "The Framework Agreement" in the Announcement
"Directors"	the directors of the Company
"Framework Agreement"	the agreement dated 15 May 2007 entered into by JD Multi-media, Mr. Hsieh and Taiwan Hongying 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" in the Announcement
"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 the guarantor of the Vendors under the SP Agreement
"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 entered into between the Vendors and JD Multi-media on 20 August 2007 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 Samoa 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
"PRC"	the People's Republic of China
"Put Option"	the put option granted by JD Multi-media to Samoa Hongying under the Option Deed for the sale of the remaining 49% interest in the issued share capital of Super Win by Samoa Hongying to JD Multi-media
"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, being one of the Vendors under the Acquisitions
"SGM"	the special general meeting of the Company to be convened to approve the SP Agreement, the transactions contemplated thereunder and the entering into of the Option Deed
"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 entered into between the Vendors, Mr. Hsieh (as guarantor of the Vendors), JD Multi-Media as the purchaser and the Company (as guarantor of JD Multi-media) on 20 August 2007

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Super Win"	Super Win Limited, a company incorporated in Samoa with limited liability, being one of the Acquirees
"Supplemental Agreement"	the supplemental agreement to the Framework Agreement dated 25 May 2007 entered into by JD Multi-media, Mr. Hsieh and Taiwan Hongying
"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"	the Republic of China
"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, Taiwan Hongying and Samoa Hongying, being the vendors under the Acquisitions
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 27 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.