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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 VERY SUBSTANTIAL ACQUISITION IN RELATION TO ACQUISITION OF INTEREST IN THE ACQUIREES (THROUGH NOMINEE ARRANGEMENT) AND THE EXCLUSIVE ENTITLEMENTS TO ALL OF THE ECONOMIC BENEFITS DERIVED FROM THE DEALERSHIPS; (2) CONTINUING CONNECTED TRANSACTIONS; AND (3) RESUMPTION OF TRADING

Financial adviser to the Company

AmCap
Ample Capital Limited
豐盛融資有限公司

FRAMEWORK AGREEMENT

The Board is pleased to announce that on 9 January 2008, JD Car (a wholly owned subsidiary of the Company) entered into the Framework Agreement with the Vendor. Under the Framework Agreement, JD Car is to acquire:

(i) the exclusive entitlement to all of the economic benefits derived from BL Dealership and LB Dealership and rights to control, manage and operate Company B; and

(ii) the exclusive entitlement to all of the economic benefits derived from RR Dealership and rights to control, manage and operate Company C.

The aggregate consideration payable by the Group under the Framework Agreement shall be HK$402,000,000 and shall be payable in the manner as set out under the sub-section "Consideration" in the section headed "The Framework Agreement" below.

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 supplement(s) or clarification(s) to be agreed by JD Car and the Vendor, and the forms of the other ancillary agreement(s) and documentation(s) for the implementation of the Contractual Arrangements. If the parties fail to enter into the SP Agreement by 23 February 2008, i.e. 45 days from the date of the Framework Agreement (or such later date to be agreed between JD Car and the Vendor), the Framework Agreement will remain 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 agreement(s) and documentation(s) in relation to the Contractual Arrangements as and when appropriate.

CONTINUING CONNECTED TRANSACTIONS

Upon Completion, Mr. Qi and his associates will become connected persons of the Company by virtue of Mr. Qi's 26.9% shareholding in the Company immediately following Completion, therefore qualifying him as a substantial Shareholder. Accordingly, transactions entered into by the Group (including Company B and Company C) and Mr. Qi and his associates will be regarded as connected transactions. The following continuing connected transactions are proposed to be/already entered into prior to the SGM: (i) the Showroom Rental Agreement; (ii) the RMO Agreement; (iii) the BJBG Agency Agreement; (iv) the Beijing YST Agency Agreement; and (v) the Yuk Long Agreement (as defined in the section headed "Continuing connected transactions" below).

The proposed term for the BJBG Agency Agreement and the Beijing YST Agency Agreement is for the period commencing from Completion up to 31 December 2008, i.e. the latest date on which Mr. Qi expects that the grantors of the dealership rights in respect of the Dealerships would effect the transfer of the dealership rights to Company B and Company C. In the unlikely event that the transfers of the Dealerships do not take place before 31 December 2008, (i) Company B will have to carry on the operation of the BL Dealership and the LB Dealership through the agency of BJBG by way of extending the BJBG Agency Agreement; and (ii) Company C will have to carry on the operation of the RR Dealership through the agency of Beijing YST by way of extending the Beijing YST Agency Agreement.

GENERAL

As the profit test and revenue test ratios involving the profit before tax and revenue attributable to the Dealerships and the equity capital test ratio exceed 100%, the Acquisition is classified as very substantial acquisition under the Listing Rules and is subject to the approval of the Shareholders.

Under Rule 14A.25, the continuing connected transactions are to be aggregated over a 12-month's period. As the total asset test and revenue test ratios are equal to or more than 2.5% but less than 25% and the total consideration is less than HK$10,000,000 as stipuated under Rule 14A.34(2), the continuing connected transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and are exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

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 Acquisition and the issue of the Convertible Note. Furthermore, the Company will also seek the grant of a specific mandate to allot and issue new Shares to satisfy the allotment and issue of the Acquisition Consideration Shares under the Framework Agreement or the SP Agreement (if concluded) and the Conversion Shares 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 Acquisition and the Convertible Note, certain financial information as required under the Listing Rules and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

The purpose of the Framework Agreement is to set out the outline of the understanding between JD Car and the Vendor with regard to the principal terms of the Acquisition. Other detailed terms in relation to the Acquisition are subject to finalization by the parties thereto in the more comprehensive SP Agreement. 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 Acquisition. Having considered that (i) the Framework Agreement is legally binding on the parties thereto, (ii) except as disclosed in this announcement, the terms of the transactions contemplated under the Framework Agreement are not expected to be materially revised and (iii) the terms of the SP Agreement (if concluded) 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. The Directors confirm that none of Mr. Qi nor any of his associates would be appointed as Director(s) upon the Completion of the Framework Agreement or the SP Agreement (if concluded).

Application will be made to the Stock Exchange for the listing of and permission to deal in the Acquisition Consideration Shares and the Conversion Shares on the Main Board.

Shareholders and potential investors should note that the Acquisition contemplated under the Framework Agreement, which are subject to satisfaction of a number of conditions, may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 9 January 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 24 January 2008.

THE FRAMEWORK AGREEMENT

Date

9 January 2008

Parties

(a) JD Car (an indirect wholly owned subsidiary of the Company) as the purchaser;

(b) Sparkle Roll, a company wholly owned by Mr. Qi, as the Vendor; and

(c) Mr. Qi as the guarantor of the Vendor's obligations.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and Mr. Qi are Independent Third Parties. Save for (i) the subscription of 61,500,000 Shares, representing approximately 14.69% of the then enlarged issued share capital of the Company by Mr. Qi as announced by the Company on 24 October 2003 which have been subsequently disposed by Mr. Qi; (ii) a rental agreement dated 30 November 2006 between the Group and BJBG as mentioned in the section headed "Continuing connected transactions" below; (iii) a grant of copyright agreement dated 15 March 2007 between the Group and BJBG in respect of the production of a TV series based on one of the Group's comics; and (iv) a profit sharing agreement, subject to minimum guarantee payable by the Group to the Vendor, dated 28 September 2007 between the Group and BJBG in respect of the Group's animation "神兵小將" (Shen Bing Kids), the Group has no prior transactions or relationship with Mr. Qi. Neither Mr. Qi nor the Vendor holds any Shares as at the date of this announcement. The Vendor is not acting or not presumed to be acting in concert with any Shareholders.

Assets and rights to be acquired

(i) the exclusive entitlement to all of the economic benefits derived from BL Dealership and the LB Dealership and rights to control, manage and operate Company B (which is owned as to 95% by Company A and 5% by Mr. Qi as at the date of this announcement), and

(ii) the exclusive entitlement to all of the economic benefits derived from RR Dealership and rights to control, manage and operate Company C (which is owned as to 95% by Company A and 5% by Mr. Qi as at the date of this announcement).

Mr. Qi, through BJBG, Beijing YST and other companies majority owned and controlled by him, has operated (i) the BL Dealership in Beijing, the PRC; (ii) the LB Dealership in Beijing, the PRC; and (iii) the RR Dealership in Beijing, the PRC. At the direction of Mr. Qi in October 2007, the BL Dealership and the LB Dealership were transferred from BJBG to Company B while the RR Dealership was transferred from Beijing YST to Company C. Pursuant to an agreement dated 1 November 2007 ("Dealerships Assignment Agreement") among various parties, including Mr. Qi, the Vendor, Company A, Company B, Company C, BJBG and Beijing YST, the parties to the Dealerships Assignment Agreement agreed that the Vendor is the ultimate owner and beneficiary of all existing and future economic benefits derived from the Dealerships. The grantors of the BL Dealership and LB Dealership have given their in-principle written consent to the transfer of the BL Dealership and LB Dealership to Company B. Application has been made to the grantor of the RR Dealership for their consent to the transfer of the RR Dealership to Company C. Based on Mr. Qi's expectation, the Directors believe that the consent in respect of the RR Dealership can be obtained in the near future and in any event no later than 31 December 2008. The Directors are of the view that Mr. Qi has already established excellent working relationships with the head PRC agents of the relevant car brands. Barring any unforeseen situations and on the assumption that the Dealerships could continue their historic performance, the Directors do not anticipate that the grantor will decline to consent the transfers. In the unlikely event that the transfer of the RR Dealership does not take place before 31 December 2008, Company C will have to carry on the operation of the RR Dealership by way of extending the Beijing YST Agency Agreement (as defined below) mentioned in the section headed "Continuing connected transactions" in this announcement.

As at 31 December 2007, the unaudited net asset value of each of Company B and Company C is RMB10,000,000. By virtue of the Contractual Arrangements as set out in the sub-section headed "The Contractual Arrangements" below and subject to confirmation by auditors of the Company, the Directors expect that Company B and Company C will be accounted for as wholly-owned subsidiaries of the Company after Completion.

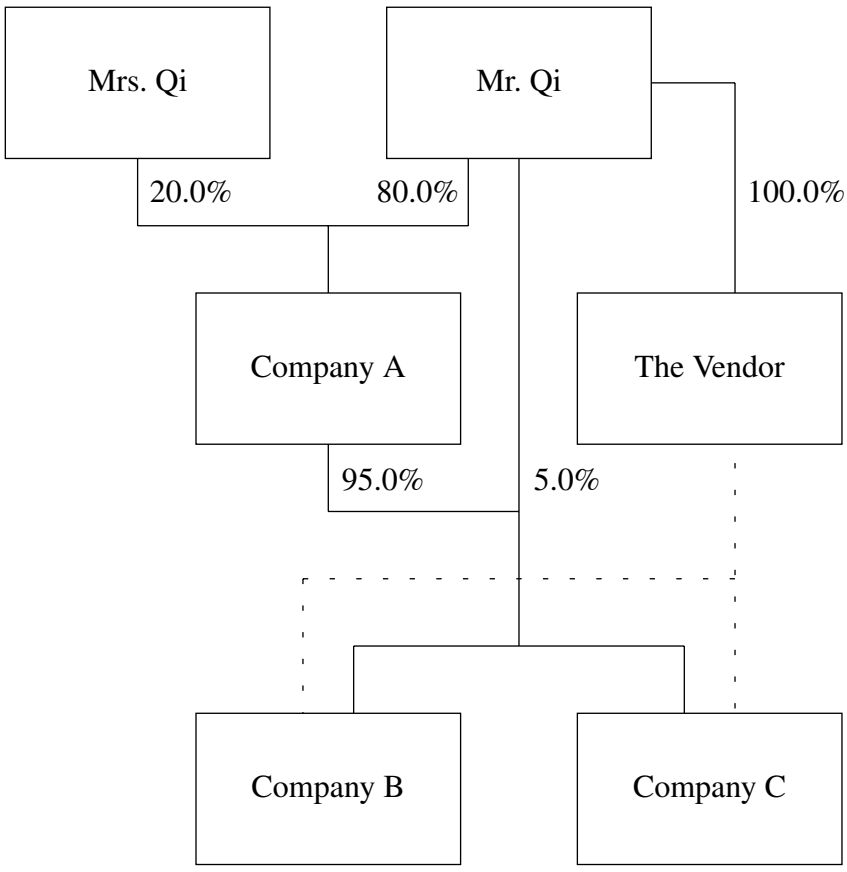
The entire equity interests of each of Company B and Company C are registered under Company A (a limited liability company incorporated in PRC which is owned as to 80% by Mr. Qi and as to 20% by Mrs. Qi) and Mr. Qi who are Independent Third Parties. Under the Framework Agreement, the Vendor has agreed to procure the transfer of the entire interests in Company B and Company C to the JD Nominees.

The JD Nominees will be 劉晶晶 (Liu Jing Jing) and 趙睿 (Zhao Rui). To the best knowledge of the Directors, both persons are Independent Third Parties in accordance with the provisions of Listing Rules. It is expected that each of Company B and Company C will be owned as to 50% by Liu Jing Jing and 50% by Zhao Rui. Please refer to the sub-section headed "Contractual Arrangements" below for further details.

Shareholding structure of the Acquirees

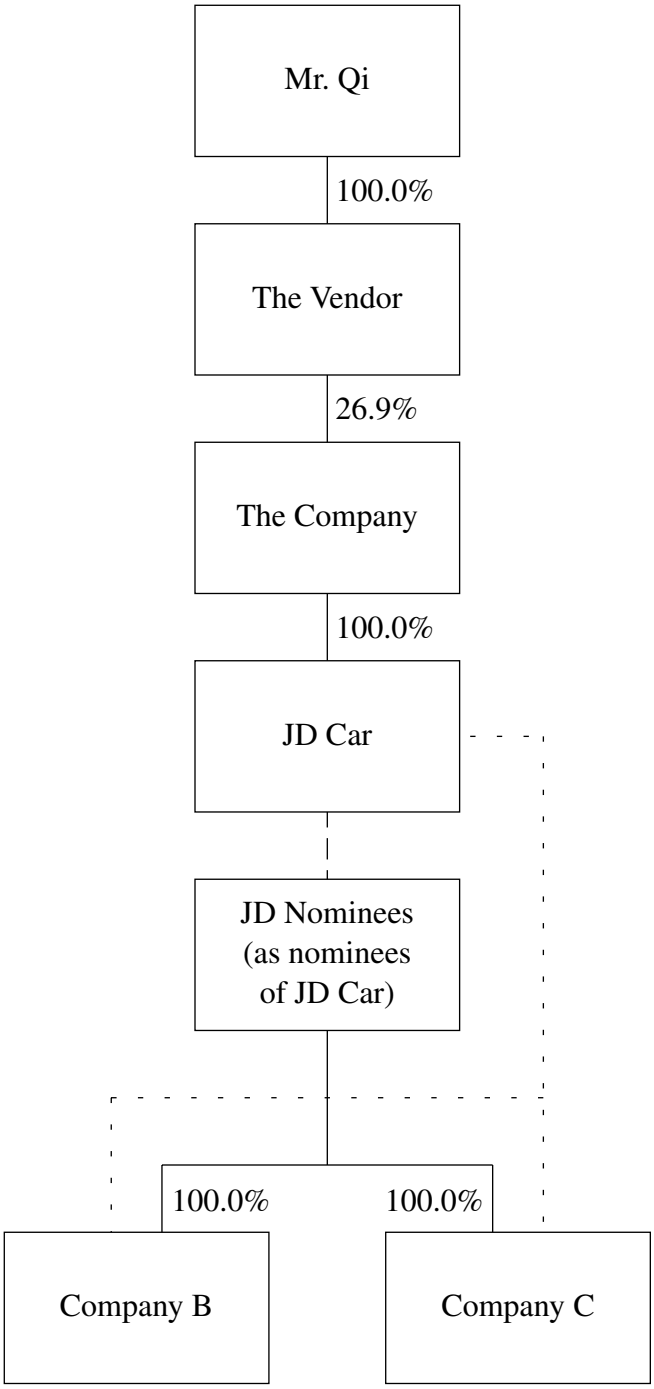
The shareholding structures of the Acquirees (i) as at the date of this announcement; (ii) immediately after Completion; and (iii) immediately after Completion and full conversion of the Convertible Note are set out below:

As at the date of this announcement



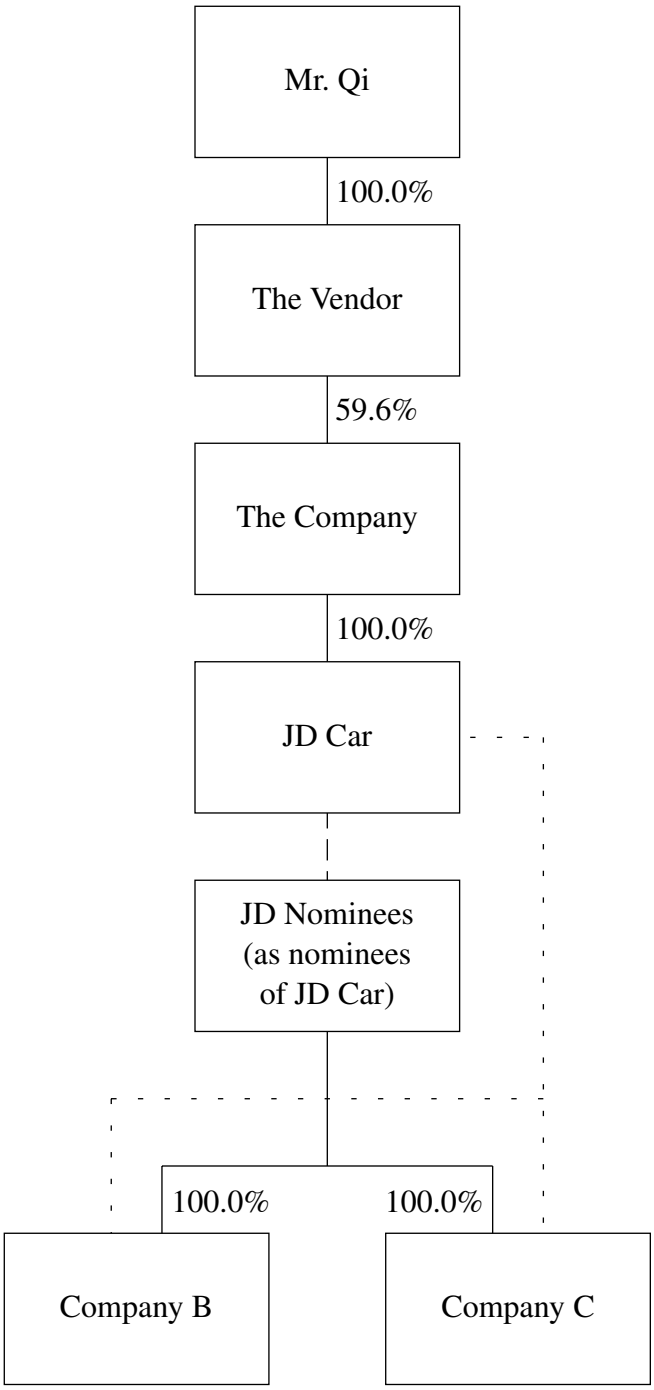
Note: The solid lines above represent shareholding while the dotted lines above represent ownership of the economic benefits.

Immediately after Completion



Note: The solid lines above represent shareholding while the dotted lines above represent ownership of the economic benefits.

Immediately after Completion and full conversion of the Convertible Note



Note: The solid lines above represent shareholding while the dotted lines above represent ownership of the economic benefits. The Vendor's 59.6% shareholding in the Company immediately after Completion and full conversion of the Convertible Note is based on a maximum of 1,200,000,000 Conversion Shares that can be issued pursuant to the full exercise of the conversion rights attached to the Convertible Note. As stated in the section headed "The Convertible Note", conversion of the Convertible Note is subject to the conditions that conversion can only be made to the extent that (i) there is no change in control (as defined in the Takeovers Code); and (ii) the Company would remain in compliance with the public float requirement set out under Rule 8.08(1) of the Listing Rules immediately after any such conversion. Accordingly, the Vendor's shareholding in the Company following full conversion of the Convertible Note is for illustrative purpose only.

Consideration

Under the Framework Agreement, JD Car shall pay the Vendor a sum of HK$402,000,000 as consideration. The consideration is to be satisfied as to (i) HK$50,000,000 in cash to the Vendor which has been paid upon signing of the Framework Agreement; (ii) HK$88,000,000 through the issue of 400,000,000 Acquisition Consideration Shares to the Vendor at a price of HK$0.22 per Share at Completion; and (iii) HK$264,000,000 by way of the issue of the Convertible Note at Completion which, upon full conversion, can be converted into 1,200,000,000 Conversion Shares at a price of HK$0.22 per Share. The Acquisition Consideration Shares represent approximately 36.9% and 26.9% 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. In addition, the Conversion Shares represent approximately 110.6% and 52.51% 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 Conversion Shares. The issue price and, as the case may be, the conversion price of HK$0.22 per Share for the Acquisition Consideration Shares and, as the case may be, the Conversion Shares represents:

(i) a discount of approximately 63.93% to the closing price of HK$0.61 per Share as quoted on the Stock Exchange on 9 January 2008;

(ii) a discount of approximately 63.33% to the average closing price of approximately HK$0.60 per Share as quoted on the Stock Exchange on the 5 trading days up to and including 9 January 2008;

(iii) a discount of approximately 31.3% to the unaudited net asset value of the Company of approximately HK$0.32 per Share as at 30 September 2007; and

(iv) a premium of 10.0% to the unaudited net tangible asset value of the Company of approximately HK$0.20 per Share as at 30 September 2007.

The consideration of the Acquisition was determined after arm's length negotiations between JD Car and the Vendor with reference to the preliminary current market valuation of the car dealership business estimated by the Valuer. The market approach has been adopted as the valuation method to determine the preliminary estimated market value of the Dealerships as at 31 December 2007 which is in the range between HK$409 million and HK$449 million. According to the Valuer, the estimated market value is assessed based on comparing prices at

which equities of companies engaging in similar lines of businesses are being traded on the market using their value measures. Value measures are usually multiples computed by dividing the prices of the comparable companies' shares by their relevant economic variables, including, but not limited to, earnings, revenue and net book values. As the aforementioned valuation is not based on discounted cash flows or projection of profits, earnings or cash flow, the valuation does not constitute a profit forecast under Listing Rule 14.61.

The Directors (including the independent non-executive Directors) consider that the issue price of the Acquisition Consideration Shares and the conversion price of the Conversion Shares are fair and reasonable to all Shareholders. During the process of considering the conversion price of the Conversion Shares and the issue price of Acquisition Consideration Shares, the Directors has taken into account that (i) the Framework Agreement (or the SP Agreement if concluded) would help the Company to capture the new business opportunity in the PRC; (ii) the Vendor agreed to provide profit guarantee to the Company that is expected to help the Company to secure recurring net profit in the coming years; and (iii) the Acquisition is expected to help the Company to enhance its price/earning ratio in the future.

Except as disclosed in this announcement, there is no current intention of the parties to the Framework Agreement to vary or supplement the material terms of the Framework Agreement (including the consideration for the Acquisition). 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 requirements of the Listing Rules.

The Convertible Note

The principal terms of the Convertible Note to be issued to the Vendor as part of the consideration payable under the Acquisition are set out below:

Issuer	:	the Company
Principal amount	:	HK$264,000,000
Interest rate	:	the Convertible Note shall bear interest of 4.0% p.a. payable semi-annually

Maturity	:	the day falling 4 years from the date of issue of the Convertible Note
Conversion price	:	HK$0.22 per Share
Number of Shares to be issued upon full conversion	:	1,200,000,000 Conversion Shares
Conversion	:	the Vendor shall have the right to convert a minimum of HK$500,000 and thereafter in integral multiples of HK$100,000 of the outstanding principal of the Convertible Note into Shares at the conversion price of HK$0.22 per Share
Redemption	:	the Company is required to redeem the outstanding principal amount of the Convertible Note upon its maturity and has no right to redeem the Convertible Note early
Transferability	:	the Convertible Note may be transferred, in minimum units of HK$1,000,000, by the Vendor to any third party
Voting rights	:	the Convertible Note does not confer any voting rights at general meetings of the Company on the holder of the Convertible Note
Listing	:	application will be made for the listing of, and permission to deal in, the Conversion Shares to be issued pursuant to the conversion of the Convertible Note but not the Convertible Note itself
Restrictions on conversion	:	(a) conversion of the Convertible Note shall be subject to the condition that any such conversion will not result in a change in control (as defined in the Takeovers Code) of the Company during the entire term of the Convertible Note; and

(b) conversion of the Convertible Note shall be subject to the condition that conversion can only be made to the extent that the Company would remain in compliance with the public float requirement set out under Rule 8.08(1) of the Listing Rules immediately after any such conversion during the entire term of the Convertible Note

The purpose of the Framework Agreement is to set out the outline of the understanding between JD Car and the Vendor with regard to the principal terms of the Acquisition. Some of the detailed terms in relation to the Acquisition, including the restrictions on conversion of the Convertible Note stated above, are not included in the Framework Agreement. Such detailed terms will be set out in the SP Agreement, or as the case may be, the Convertible Note instrument.

In view of the potential dilution effect on existing Shareholders on the exercise of the conversion rights attaching to the Convertible Note, for so long as the Convertible Note is outstanding, the Company will keep Shareholders informed of the level of dilution and details of conversion after issue of the Convertible Note as follows:–

(i) the Company will make a monthly announcement (the "Monthly Announcement") on the website of the Stock Exchange and the Company. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:

(a) whether there is any conversion of the Convertible Note during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Shares issued, conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;

(b) the outstanding principal amount of the Convertible Note after the conversion, if any;

(c) the total number of Shares issued pursuant to other transactions, including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company;

(d) the total issued share capital of the Company as at the commencement and the last day of the relevant month;

(ii) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Note reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Note (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange and the Company including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Note (as the case may be), up to the date on which the total amount of Shares issued pursuant to the conversion amounts to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Note (as the case may be); and

(iii) if the Company forms the view that any issue of Conversion Shares will trigger the disclosure requirements under Rule 13.09(1) of the Listing Rules, then the Company is obliged to make such disclosure regardless of the issue of any announcement in relation to the Convertible Note as mentioned in (i) and (ii) above.

Legal status of the Framework Agreement

The Framework Agreement is legally binding in nature. Pursuant to the Framework Agreement, JD Car and the Vendor have agreed to enter into further negotiation in good faith with a view of consummating a more comprehensive SP Agreement within 45 days after the date of the Framework Agreement (that is, on or before 23 February 2008) (or such later date to be agreed between JD Car and the Vendor). 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 Car and the Vendor, 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 23 February 2008 (or such later date to be agreed between JD Car and the Vendor), the Framework Agreement will remain valid and binding on the parties in accordance with its terms. Accordingly, in the absence of the SP Agreement and

subject to fulfillment of the conditions precedent, it is expected that the transactions contemplated thereunder will be completed 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. It is currently expected that the agreements and documentations in relation to the Contractual Arrangements would be entered into after Completion. Based on the preliminary legal opinion obtained from the Group's PRC advisers, the Framework Agreement and the Contractual Arrangements comply with the relevant rules and regulations in the PRC.

Condition precedents

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

(i) a PRC legal opinion regarding, among others, (a) the due establishment of the Acquirees, (b) the validity of the licenses required for the continued operation of the Acquirees, (c) the JD Nominees becoming the legal registered shareholders of the Acquirees, (d) Company B legally and beneficially owning the BL Dealership and LB Dealership, (e) Company C legally and beneficially owning the RR Dealership, and (f) the legality, validity and enforceability of the various transactions contemplated under the Framework Agreement including but not limited to the Contractual Arrangements;

(ii) in respect of the Dealerships, among others, (a) grantor of the BL Dealership granting its consent to the transfer of the BL Dealership to Company B, (b) grantor of LB Dealership granting its consent to the transfer of the LB Dealership to Company B, and (c) the grantor of the RR Dealership granting its consent to the transfer of the RR Dealership to Company C;

(iii) in respect of the Contractual Arrangements, (a) the signing of all relevant agreements in respect of the implementation of the Contractual Arrangements, (b) the approvals (if required) and registration of the transfers of the equity interests in the Acquirees to the JD Nominees, and (c) by way of the Contractual Arrangements, the Company's auditors confirming that each of Company B and Company C would become indirect subsidiaries of the Company such that the Company can book all of their economic benefits into its own books and records;

(iv) JD Car being satisfied with the due diligence review on the Acquirees and the Dealerships;

(v) the Company having obtained all necessary consent, authorization, approval or waiver (as the case may be) from the Stock Exchange or other regulators as required under the Listing Rules or other applicable laws or regulations in respect of the Framework Agreement (or the SP Agreement);

(vi) the Shareholders having approved in the general meeting (a) the transactions contemplated under the Framework Agreement (or the SP Agreement), (b) the issue and allotment of the Acquisition Consideration Shares, (c) the issue of the Convertible Note, and (d) the issue and allotment of the Conversion Shares; and

(vii) the Listing Committee of the Stock Exchange having granted the listing approval and the permission to deal in the Acquisition Consideration Shares and Conversion Shares on the Main Board.

Under the Framework Agreement, JD Car may at its absolute discretion waive any of the Conditions as set out in (i), (ii), (iii) and (iv) above.

Completion

Completion is expected to take place on the third business day after the day on which the last of the outstanding conditions under the Framework Agreement is fulfilled or waived by JD Car (or such a later date as the parties thereto may agree in writing).

Contractual Arrangements

For the reasons as set out in the section headed "Reasons for and the benefits of entering into the Framework Agreement" below, the Group is desirous of acquiring the Acquirees. Commencing from 1 January 2004, Hong Kong and Macau based companies could apply for the establishment of businesses engaged in the retail sales of motor vehicles in the PRC if the applicant can satisfy, amongst others, the following requirements set out under the 外商投資商業領域管理辦法 (Regulations on the management of foreign investment in businesses) issued by the Ministry of Commerce in the PRC on 16 April 2004: (i) average revenue of not less than US$100 million during the 3 years immediately prior to the application and (ii)

assets of not less than US$10 million for the year prior to the application. In light of the regulatory requirements in respect of the operation of car dealerships by foreign enterprises in the PRC, the Group decided to maintain the domestic enterprise nature of Company B and Company C. Instead, to facilitate the acquisitions of the economic benefits and management rights of Company B and Company C by the Group, Mr. Qi and the Vendor have jointly and severally agreed to and/or will procure Company B, Company C, the respective registered shareholders of Company B and Company C and any other third parties designated by JD Car to enter into the following contractual arrangements.

(i) The Designated JD Company shall enter into one or more exclusive consultancy and service agreements with each of Company B and Company C under which the Designated JD Company shall provide consultancy, advertising, business promotion, public relation services to each of Company B and Company C. In return, each of Company B and Company C shall pay the Designated JD Company a fee which is equal to the entire after tax profit of each of Company B and Company C.

(ii) The registered shareholders of each of Company B and Company C shall enter into share transfer agreements with the JD Nominee(s) for the transfer of their entire interests in each of Company B and Company C to such JD Nominee(s).

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

(iv) The Designated JD Company 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 Company for the purchase of the entire equity interest in each of Company B and Company C at consideration equal to the then registered capital of Company B and Company C or such other amount as required under the applicable laws of the PRC.

(v) The Designated JD Company 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 Company B and Company C to the Designated JD Company to secure the performance of the respective obligations of Company B and Company C 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 Car for the effective acquisitions of the economic benefits and management rights of Company B and Company C.

As stated under point (iii) under the subsection headed "Conditions precedent" above, Completion is subject to the signing of all relevant agreements in respect of the implementation of the Contractual Arrangements. 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 Company will control the entire business operation and management, be entitled to all the profits of, and assume the risk of each of Company B and Company C.

On completion of the Acquisition and subject to the auditors of the Company having confirmed that each of Company B and Company C can be accounted for as wholly-owned subsidiary 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 them being substantial shareholders of the subsidiaries of the Company. 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.

Guarantees and warranty

(i) Profit guarantee

Under the Framework Agreement, Mr. Qi and the Vendor have guaranteed that, subject to Company B and Company C being provided with reasonably sufficient working capital, the aggregate audited profit after tax (calculated in accordance with Hong Kong accounting standards) of the Acquirees will be not less than HK$55,000,000 and HK$65,000,000 for the two years ending 31 December 2008 and 2009 respectively. If the aggregate audited profit in any of the two years mentioned above shall be less than the guaranteed amount, Mr. Qi and the Vendor will be required to pay JD Car the shortfall (on a dollar-for-dollar basis) in cash within 14 days after the audited financial statements for the financial year in question has been provided to JD Car. The Directors consider that the guaranteed profits of HK$55,000,000 and HK$65,000,000 for the two years ending 31 December 2008 and 2009 respectively are achievable since the guaranteed amount was arrived at based on the historic performance of the Dealerships.

(ii) Guarantee on combined tangible assets of the Acquirees

Furthermore, Mr. Qi and the Vendor have also guaranteed that the Acquirees would have combined tangible assets of not less than HK$40,000,000. As of 15 January 2008, the Auditors of Companies B and C issued capital verification reports to confirm that the actual contribution to their registered capital (equivalent to the net asset value as the Acquirees have not conducted any business activities) are over RMB37,770,000 (equivalent to approximately HK$40,600,000). The Directors consider that the guarantee on combined tangible assets of not less than HK$40,000,000 has been satisfied already.

Lockup undertaking

The Vendor has undertaken to JD Car that it will not dispose of or otherwise sell any of the Acquisition Consideration Shares during the first 12 month period following the date of Completion (the "First Period"). Furthermore, the Vendor has undertaken that it will not dispose or otherwise sell more than 200,000,000 Acquisition Consideration Shares during the second 12 month period following the end of the First Period unless prior written approval has been obtained from JD Car.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is 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 full conversion of the Convertible Note.

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 all of the Conversion Shares	%
Substantial Shareholder						
Mr. Wong Chun Loong ("Mr. Wong")[1]	311,291,100	28.7	281,291,100	19.0	281,291,100	10.4
Mr. Wong Chun Keung[2]	4,264,000	0.4	4,264,000	0.2	4,264,000	0.2
Ms. Wong Mui Ling[2]	2,551,466	0.2	2,551,466	0.2	2,551,466	0.1
Subtotal of Mr. Wong and parties acting in concert with him[2]	318,106,566	29.3	288,106,566	19.4	288,106,566	10.7
Directors						
Mr. Tong Kai Lap[3]	15,034,400	1.4	15,034,400	1.1	15,034,400	0.5
Mr. Wan Siu Lun	504,000	0.1	504,000	0.0	504,000	0.0
Mr. Ko Chi Keung	1,580,000	0.1	1,580,000	0.1	1,580,000	0.1
Mr. Kwong Chi Tak	1,346,666	0.1	1,346,666	0.1	1,346,666	0.1
Mr. Zheng Hao Jiang	10,640,000	1.0	10,640,000	0.7	10,640,000	0.4
Subtotal of the Directors	29,105,066	2.7	29,105,066	2.0	29,105,066	1.1
The Vendor[4]	–	–	400,000,000	26.9	1,600,000,000	59.6
Other Shareholders						
Evolution Capital Management, LLC	119,473,864	11.0	119,473,864	8.0	119,473,864	4.4
Public Shareholders[1 and 4]	619,467,354	57.0	649,467,354	43.7	649,467,354	24.2
Total	1,086,152,850	100.0	1,486,152,850	100.0	2,686,152,850	100.0

Notes:

1. 303,435,100 Shares are held by Super Empire Investments Limited ("Super Empire"), a company held as to 100% by Mr. Wong Chun Loong. The remaining 7,856,000 Shares are directly held by Mr. Wong. Furthermore, Super Empire has entered into a placing agreement with Kingston Securities Limited dated 23 January 2008 under which Kingston Securities Limited is appointed as the placing agent in connection with the placing of 30,000,000 existing Shares (to not less than 6 placees), representing approximately 2.0% of the Company's issued share capital as enlarged by the Acquisition Consideration Shares, at a price which is the higher of (i) HK$0.44 per Share; or (ii) the Floating Placing Price, such that the aggregate shareholding of Mr. Wong and parties acting in concert with him in the Company shall represent no more than 20% of the Company's issues share capital immediately following Completion. The completion of the aforementioned placing is expected to take place on the third business day immediately following the end of the Price Tracking Period.

2. Mr. Wong Chun Keung, a Director, and Ms. Wong Miu Ling are brother and sister of Mr. Wong respectively. In this connection, they are deemed to be parties acting in concert with Mr. Wong.

3. 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.

4. The 1,600,000,000 Shares that may be held by the Vendor immediately after the issue of the Acquisition Consideration Shares and the Conversion Shares is based on a maximum of 1,200,000,000 Conversion Shares that can be issued pursuant to the full exercise of the conversion rights attached to the Convertible Note. As stated in the section headed "The Convertible Note", conversion of the Convertible Note is subject to the condition that conversion can only be made to the extent that (i) there is no change in control (as defined in the Takeovers Code); and (ii) the Company would remain in compliance with the public float requirement set out under Rule 8.08(1) of the Listing Rules immediately after any such conversion. Accordingly, the shareholding structure following full conversion of the Convertible Note is for illustrative purpose only.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The Group is principally engaged in the publication of comic books and multimedia development. As a strategy to diversify the Group's business into other areas where the Group can tap into the buoyant economy of the PRC, the Directors have been seeking various investment opportunities in the PRC. The PRC has experienced significant economic growth in recent years, and the gross domestic product grew from approximately RMB7,897 billion in 1997 to RMB21,087 billion in 2006, representing a compound annual growth rate of approximately 11.5% during the aforesaid period. The increase in the PRC's gross domestic product has vastly increased personal wealth in the PRC during the recent years. In particular, the Directors believe that the flourishing economy in the PRC has created a new class of consumers who have very high spending power and the willingness to consume luxury goods. The Directors believe that this phenomenon is especially evident in large cities in the PRC with high level of development such as Beijing. In order to tap into this market group where returns are expected to be high, the Directors have identifed dealerships of ultra-luxury cars and supercars as an ideal entry point. Mr. Qi has gained extensive business experience and network in the PRC. Apart from operating the Dealerships, he is also the controlling shareholder of companies engaging in the retail distribution of luxury goods such as branded clothing, jewellery and watches in the PRC. The Directors believe that Mr. Qi's expertise in the retail of luxury goods, together with his well established relationships with the relevant national agents representing the relevant car manufacturers in the PRC, would enable the Dealerships to continue to develop in a positive direction. Against such a backdrop, the Directors believe the Acquisition would enable to Group to capture this highly lucrative business opportunity and enhance overall Shareholder's return in the Company.

Having taken the above into consideration, 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. The Directors currently intend to carry on its business in the publication of comic books and multimedia development following Completion.

CONTINUING CONNECTED TRANSACTIONS

Upon Completion, Mr. Qi and his associates will become connected persons of the Company by virtue of Mr. Qi's 26.9% shareholding in the Company immediately following Completion, therefore qualifying him as a substantial Shareholder. Accordingly, transactions entered into by the Group (including Company B and Company C) and Mr. Qi and his associates will be regarded as connected transactions. The following continuing connected transactions are proposed to be/already entered into prior to the SGM.

A. Showroom rental agreement

Company B has entered into a showroom rental agreement (the "Showroom Rental Agreement") with BJBG, a company controlled by Mr. Qi, on 28 December 2007. The Showroom Rental Agreement sets out the terms with regard to the rental charges of the showroom of the BL Dealership in Beijing, the PRC. Under the Showroom Rental Agreement, the monthly rental charges in respect of the aforesaid showroom is RMB320,000 (equivalent to approximately HK$344,000) per month which is paid in advance out of the Group's internal resources. Furthermore, the Showroom Rental Agreement would terminate on 31 December 2010 upon which it can be renewed by the parties thereto upon reaching mutual agreement as to the terms of the new agreement.

The gross area of the showroom for Company B is 450m^2 for the BL Dealership. The address of the showroom of Company B is Flat 1, 22 Jian Wai Da Jie, Beijing.

Reason for entering into the Showroom Rental Agreement

The rental agreement of the aforesaid showroom was originally entered by BJBG with the landlord which is an Independent Third Party. Before restructuring the Dealerships, the aforesaid showroom was managed and operated by BJBG. As a result of the restructuring of the Dealerships business, the Showroom Rental Agreement was entered into in the normal course of business operations of the BL Dealership.

Basis of determination of the annual cap

Prior to the Showroom Rental Agreement, the Group has not entered any prior rental agreement with BJBG with regard to the aforesaid showroom and accordingly, there is no historic data for the purpose of determining the annual cap pursuant to Rule 14A.35(2). The rental charge was based on arm's length negotiation and determined with reference to market price. In that connection, the Directors would like to propose annual caps of RMB3,840,000 (equivalent to approximately HK$4,129,000) for each of the three years ending 31 December 2008, 2009 and 2010.

The annual caps for each of the three years ending 31 December 2008, 2009 and 2010 were determined with reference to the monthly rental of RMB320,000 set out under the Showroom Rental Agreement.

B. Agreement in respect of office rental, management fees and office expenses

It is proposed that Company B and Company C will enter into separate agreement(s) in respect of office rental, management fees and office expenses with BJBG (the "RMO Agreements"), a company controlled by Mr. Qi, at the time of signing of the SP Agreement. In the unlikely event that the SP Agreement is not entered into, it is expected that the RMO Agreements will be signed prior to the SGM. The RMO Agreements would set out the terms with regard to the aforementioned expenses incurred from the operation of the Dealerships. It is envisaged that the monthly expenses arising out of the RMO Agreements would be RMB80,000 (equivalent to approximately HK$86,000) per month which is to be paid in advance out of the Group's internal resources. Furthermore, the RMO Agreements would terminate on 31 December 2010 upon which the agreements can be renewed by the parties thereto upon reaching mutual agreement as to the terms of the new agreements.

Reasons for entering into the RMO Agreements

The office premises where the Dealerships are conducted are owned by BJBG. As a result of the acquisition of Company B and Company C by JD Car, the RMO Agreements will be entered into in the normal course of business operations of the Dealerships.

Basis of determination of the annual cap

The Group has not entered any prior agreement in respect of rental, management fees and office expenses with BJBG and accordingly, there is no historic data for the purpose of determining the annual cap pursuant to Rule 14A.35(2). In that connection, the Directors would like to propose annual caps of:

(i) for the year ending 31 December 2008, an annual cap of RMB900,000 (equivalent to approximately HK$968,000); and

(ii) for each of the two years ending 31 December 2009 and 2010, annual caps of RMB1,100,000 (equivalent to approximately HK$1,183,000).

The annual cap for the year ending 31 December 2008 was determined with reference to (i) the expected number of months remaining in the year ending 31 December 2008 starting from the expected commencement of the rental agreement in March 2008 (i.e. expected time of Completion); and (ii) the monthly rental, management fees and office expenses of RMB80,000 set out under the relevant agreement.

As for the annual caps for each of the two years ending 31 December 2009 and 2010, they were determined with reference to (i) 12 full months in each of the relevant years; and (ii) the monthly rental, management fees and office expenses of RMB80,000 set out under the relevant agreement.

C. Agency fee agreements with BJBG

It is proposed that Company B will enter into agency fee agreement(s) (the "BJBG Agency Agreement") with BJBG, a company controlled by Mr. Qi, at the time of signing of the SP Agreement. In the unlikely event that the SP Agreement is not entered into, it is expected that the BJBG Agency Agreement will be signed prior to the SGM. The BJBG Agency Agreement would set out the terms with regard to the agency fee payable by Company B in respect of the operation of the BL Dealership and the LB Dealership, the rights of which are held by BJBG until the actual transfer of the dealership rights to Company B by the grantors of the relevant dealerships. Upon entering into the BJBG Agency Agreement, the right to operate together with the entitlement to the economic benefits of the BL Dealership and the LB Dealership will be vested in Company B. The agency fee which shall be paid within 30 days following the end of each quarter out of the Group's internal resources, is to be calculated according the following formula:

Agency fee = Net profit before tax of the BL Dealership and LB Dealership/97% x 3%

The proposed term for the BJBG Agency Agreement is for the period commencing from Completion up to 31 December 2008, i.e. the latest date on which Mr. Qi expects that the grantors of the dealership rights in respect of the BL Dealership and the LB Dealership would effect the transfer of the dealership rights in respect of the BL Dealership and the LB Dealership to Company B. In the unlikely event that the transfers of the BL Dealership and the LB Dealership do not take place before 31 December 2008, Company B will have to carry on the operation of the BL Dealership and the LB Dealership through the agency of BJBG by way of extending the BJBG Agency Agreement.

Reason for entering into the agency fee agreement with BJBG

Although the grantors of the BL Dealership and LB Dealership have already given their in-principle written consent to the transfer of the BL Dealership and LB Dealership to Company B as mentioned in the section headed "The Framework Agreement" in this announcement, the actual transfer has not taken place yet. Accordingly, it is proposed that Company B shall enter into the BJBG Agency Agreement such that it can operate the BL Dealership and LB Dealership through the agency of BJBG prior to the actual transfer of the relevant dealerships. Furthermore, Mr. Qi has extensive experience in sales and marketing of luxury motor vehicles. In this connection, the agency fee is the incentive to be provided to Mr. Qi to motivate him to expand sales opportunity of Company B and Company C.

Basis of determination of the annual cap

The Group has not entered any prior agency fee agreement with BJBG and accordingly, there is no historic data for the purpose of determining the annual cap pursuant to Rule 14A.35(2). In that connection, the Directors would like to propose an annual cap of HK$2,500,000 for the year ending 31 December 2008.

The annual cap for the year ending 31 December 2008 was determined with reference to (i) the expected number of months remaining in the year ending 31 December 2008 starting from the expected commencement of the agency fee agreement with BJBG in March 2008 (i.e. expected time of Completion); (ii) the profit guarantee for the Acquirees of not less than HK$55,000,000 for the year ending 31 December 2008; (iii) a tax rate of 25%; and (iv) the formula for calculation of the agency fee as set out under the BJBG Agency Agreement.

D. Agency fee agreement with Beijing YST

It is proposed that Company C will enter into an agency fee agreement (the "Beijing YST Agency Agreement") with Beijing YST, a company controlled by Mr. Qi, at the time of signing of the SP Agreement. In the unlikely event that the SP Agreement is not entered into, it is expected that the Beijing YST Agency Agreement will be signed prior to the SGM. The Beijing YST Agency Agreement would set out the terms with regard to the agency fee payable by Company C in respect of the RR Dealership, the rights of which are held by Beijing YST until the actual transfer of the dealership rights to Company C by the grantor of the RR Dealership. Upon entering into the Beijing YST Agency Agreement, the right to operate together with the entitlement to the economic benefits of the RR Dealership will be vested in Company C. The agency fee which shall be paid within 30 days following the end of each quarter out of the Group's internal resources, is to be calculated according the following formula:

Agency fee = Gross profit net of sales tax from the RR Dealership x 1%

The proposed term for the Beijing YST Agency Agreement is for the period commencing from Completion up to 31 December 2008, i.e. the latest date on which Mr. Qi expects that the grantors of the dealership rights in respect of the RR Dealership would effect the transfer of the dealership rights in respect of the RR Dealership to Company C. In the unlikely event that the transfer of the RR Dealership does not take place before 31 December 2008, Company C will have to carry on the operation of the RR Dealership through the agency of Beijing YST by way of extending the Beijing YST Agency Agreement.

Reason for entering into the Beijing YST Agency Agreement

As mentioned in the section headed "The Framework Agreement" in this announcement, application has been made to the grantor of the RR Dealership for their consent to the transfer of the RR Dealership to Company C. Accordingly, it is proposed that Company C shall enter into the Beijing YST Agency Agreement such that it can operate the RR Dealership through the agency of Beijing YST prior to the actual transfer of the relevant dealership. Furthermore, Mr. Qi has extensive experience in sales and marketing of luxury motor vehicles. In this connection, the agency fee is the incentive to be provided to Mr. Qi to motivate him to expand sales opportunity of Company C.

Basis of determination of the annual cap

The Group has not entered any prior agency fee agreement with Beijing YST and accordingly, there is no historic data for the purpose of determining the annual cap pursuant to Rule 14A.35(2). In that connection, the Directors would like to propose an annual cap of HK$1,000,000 for the year ending 31 December 2008.

The annual cap for the year ending 31 December 2008 was determined with reference to (i) the expected number of months remaining in the year ending 31 December 2008 starting from the expected commencement of the agency fee agreement with Beijing YST in March 2008 (i.e. expected time of Completion); (ii) the estimated profit of the RR Dealership for the year ending 31 December 2008; and (iii) the formula for calculation of the agency fee as set out under the Beijing YST Agency Agreement.

E. Rental charges for Yuk Long Cultural Development (Shenzhen) Limited

On 30 November 2006, Yuk Long Cultural Development (Shenzhen) Limited, a wholly owned subsidiary of the Company, has entered into an agreement in respect of rental with BJBG (the "Yuk Long Agreement"), a company controlled by Mr. Qi. The rental charges are incurred for the representative office in Beijing utilized by Yuk Long Cultural Development (Shenzhen) Limited for animation and comics production. The size of address of representative address are around 150m^2 and Flat 25, Block 1, 18 Jian Guo Men Nei De Jie, Beijing respectively. The aggregate fees payable under the relevant agreement is a monthly fee of RMB35,000 (equivalent to approximately HK$38,000) which is paid in advance out of the Group's internal resources. This agreement is renewable on an annual basis.

Reasons for entering into the Yuk Long Agreement

In 2004, the Group has started to develop animation business in northern province of the PRC. In order to have better operational efficiency, Yuk Long Cultural Development (Shenzhen) Limited has opened a representative office in Beijing and rented office from BJBG.

Basis of determination of the annual cap

The rental charge set out under the Yuk Long Agreement is based on market rate. During the year ended 31 December 2007, rental charges paid by BJBG to the landlord amounted to approximately RMB420,000 (equivalent to approximately HK$433,000 using settlement exchange rate). In that connection, the Directors would like to propose annual caps of RMB420,000 (equivalent to approximately HK$433,000 using settlement exchange rate) for each of the three years ending 31 December 2008, 2009 and 2010.

The annual caps for each of the three years ending 31 December 2008, 2009 and 2010, they were determined with reference to the monthly rental of RMB35,000 set out under the Yuk Long Agreement.

Other matters in relation to the continuing connected transactions

As stated above, (i) the RMO Agreement; (ii) the BJBG Agency Agreement; and (iii) the Beijing YST Agency Agreement are expected to be entered into prior to the SGM. Further announcement will be made by the Company upon the signing of these agreements.

The Company is required to comply with the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules in respect of all of the continuing connected transactions mentioned above.

The Directors (including the independent non-executive Directors), consider that:

(i) the terms and conditions of the continuing connected transactions were negotiated between the parties to them on arm's length basis, are on normal commercial terms and are fair and reasonable;

(ii) the annual caps of each of the continuing connected transactions are fair and reasonable; and

(iii) the continuing connected transactions are in the ordinary and usual course of business of the Group and are in the interest of the Company and the Shareholders.

INFORMATION ON THE ACQUIREES

Company B was established in the PRC on 16 October 2007 with limited liability and its business is the operation of the BL Dealership and the LB Dealership. Company C was established in the PRC on 16 October 2007 with limited liability and its business is the operation of the RR Dealership. As of 31 December 2007, Company B and Company C did not commence business with net tangible assets of RMB10,000,000 for each of them. The following financial information (prepared using accounting principles generally accepted in the PRC) was extracted from the financial information of BJBG and Beijing YST, the previous operators of the Dealerships, in respect of the operation of the Dealerships.

	Year ended 31 December 2006	**Year ended 31 December 2007**
	RMB'000	*RMB'000*
Profit before tax attributable to the BL Dealership and LB Dealership	1,952	21,557
Profit before tax attributable to the RR Dealership	322	18,832
Total profit before tax	2,274	40,389
Profit after tax attributable to the BL Dealership and LB Dealership	1,766	20,953
Profit after tax attributable to the RR Dealership	257	18,356
Total profit after tax	2,023	39,309

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 of the Stock Exchange. The Group is principally engaged in the publication of comic books and multimedia development.

INFORMATION OF THE VENDOR

Sparkle Roll is a company incorporated in the British Virgin Islands with limited liability. It is wholly owned by Mr. Qi and is principally engaged in investment holding. Prior to the Completion, it is an Independent Third Party.

INFORMATION ON BJBG

BJBG is a company established in the PRC with limited liability. It is controlled by Mr. Qi and is principally engaged in, amongst others, sales of motor vehicles, car accessories, chemical products, equipment, art items, jewelry, silverware, etc. Prior to the Completion, it is an Independent Third Party.

INFORMATION ON BEIJING YST

Beijing YST is a company established in the PRC with limited liability. It is controlled by Mr. Qi and is principally engaged in, amongst others, sales of motor vehicles, construction materials, chemical products, etc. Prior to the Completion, it is an Independent Third Party.

GENERAL

As the profit test and revenue test ratios involving the profit before tax and revenue attributable to the Dealerships and the equity capital test ratio exceed 100%, the Acquisition is classified as very substantial acquisition under the Listing Rules and is subject to the approval of the Shareholders.

Under Rule 14A.25, the continuing connected transactions are to be aggregated over a 12-month period. As the total asset test and revenue test ratios are equal to or more than 2.5% but less than 25% and the total consideration is less than HK$10,000,000 stipulated under Rule 14A.34(2), the continuing connected transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and are exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

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 Acquisition and the issue of the Convertible Note. Furthermore, the Company will also seek the grant of a specific mandate to allot and issue new Shares to satisfy the allotment and issue of the Acquisition Consideration Shares under the Framework Agreement or the SP Agreement (if concluded) and the Conversion Shares 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 Acquisition and the Convertible Note, certain financial information as required under the Listing Rules and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

The purpose of the Framework Agreement is to set out the outline of the understanding between JD Car and the Vendor with regard to the principal terms of the Acquisition. Other detailed terms in relation to the Acquisition are subject to finalization by the parties thereto in the more comprehensive SP Agreement. 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 Acquisition. Having considered that (i) the Framework Agreement is legally binding on the parties thereto, (ii) except as disclosed in this announcement, the terms of the transactions contemplated under the Framework Agreement are not expected to be materially revised and (iii) the terms of the SP Agreement (if concluded) 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. The Directors confirm that none of Mr. Qi nor any of his associates would be appointed as Director(s) upon the Completion of the Framework Agreement or the SP Agreement (if concluded).

Application will be made to the Stock Exchange for the listing of and permission to deal in the Acquisition Consideration Shares and the Conversion Shares on the Main Board.

Shareholders and potential investors should note that the Acquisition contemplated under the Framework Agreement, which are subject to satisfaction of a number of conditions, may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 9 January 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 24 January 2008.

DEFINITIONS

In this announcement unless the context otherwise requires, the following terms have the following meanings:

"Acquirees"	Company B and Company C
"Acquisition"	the acquisition of the economic rights and interests in Company B and Company C 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 400,000,000 Shares to be allotted and issued, credited as fully paid, to the Vendor (or party(ies) designated by the Vendor) by the Company as part of the consideration payable by JD Car for the Acquisition
"associate(s)"	has the meaning given to it under the Listing Rules
"Auditors of Companies B and C"	北京信與誠會計師事務所有限責任公司 (Beijing Xin Yu Cheng Certified Public Accountants Limited Company*), a Certified Public Accountants firm in the PRC and the auditors of Company B and Company C
"Beijing YST"	北京盈商通貿易發展有限公司 (Beijing Ying Shang Tong Trading Development Limited*), a company established in the PRC with limited liability which is controlled by Mr. Qi
"BJBG"	北京賓利集團有限公司 (Beijing Bin Li Group Limited*), a company established in the PRC with limited liability which is controlled by Mr. Qi

"Board"	the board of Directors
"BL Dealership"	the dealership of Bentley cars in Beijing, the PRC
"Commission"	the Securities and Futures Commission
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	Jade Dynasty Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
"Company A"	北京沐泰貿易有限公司 (Beijing Mu Tai Trading Limited*), a company established in the PRC with limited liability
"Company B"	北京美合振永汽車貿易有限公司 (Beijing Mei He Zhen Yong Motors Trading Limited*), a company established in the PRC with limited liability and is principally engaged in the operation of the BL Dealership and the LB Dealership
"Company C"	北京德特汽車貿易有限公司 (Beijing De Te Motors Trading Limited*), a company established in the PRC with limited liability and is principally engaged in the operation of the RR Dealership
"Completion"	completion of the Acquisition pursuant to the terms of the Framework Agreement or the SP Agreement (if concluded)
"connected person(s)"	has the meaning given to it under the Listing Rules
"Contractual Arrangements"	the contractual arrangements as referred to in the sub-section headed "Contractual Arrangements" under the section headed "The Framework Agreement" above
"Conversion Shares"	a maximum of 1,200,000,000 Shares that can be issued pursuant to the full conversion of the rights attached to the Convertible Note

"Convertible Note"	the convertible note in the principal amount of HK$264,000,000 to be issued to the Vendor as part of the consideration payable by JD Car for the Acquisition
"Dealerships"	collectively, the BL Dealership, the RR Dealership and the LB Dealership
"Designated JD Company"	a wholly owned subsidiary of the Group as designated by JD Car in respect of the implementation of the Contractual Arrangements as described in this announcement
"Director(s)"	the director(s) of the Company
"Floating Placing Price"	the placing price determined by the formula: $[(A + B)/2] \times C$ where (i) "A" is HK$0.598, being the average closing prices of the Shares for the 5 consecutive trading days up to and including 9 January 2008; (ii) "B" is the average closing prices of the Shares for the whole of the Price Tracking Period; and (iii) "C" is 75%
"Framework Agreement"	the agreement dated 9 January 2008 entered into by JD Car the Vendor and Mr. Qi
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	a party(ies) who is/are independent of and is/are not connected with any of the Directors, chief executives or substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates

"JD Car"	JD Motor Cars Limited (formerly JD Copyright Limited), a company incorporated under the laws of the British Virgin Islands with limited liability, an indirect wholly owned subsidiary of the Company
"JD Nominee(s)"	nominee(s) designated by JD Car as the recipient(s) of the entire interests in Company B and Company C to be transferred from Company A and Mr. Qi on or before Completion
"LB Dealership"	the dealership of Lamborghini cars in Beijing, the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"m^2"	squared meter
"Mr. Qi"	Mr. Qi Jian Hong (綦建虹) alias Mr. Kei Kin Hung
"Mrs. Qi"	Ms. Zhu Shuang (朱爽), wife of Mr. Qi
"PRC"	The People's Republic of China which excludes Hong Kong for the purposes of this announcement
"Price Tracking Period"	the 5 consecutive trading days commencing on and inclusive of 24 January 2008, being the day on which trading in the Shares on the Stock Exchange resumes following the publication of this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"RR Dealership"	the dealership of Rolls Royce cars in Beijing, the PRC
"SGM"	the special general meeting of the Company to be convened and held for the Shareholders (who are allowed to vote under the Listing Rules) to consider and, if thought fit, approve, among other things, the transactions contemplated under the Framework Agreement or the SP Agreement (if concluded)

"Share(s)"	share(s) of HK$0.002 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"SP Agreement"	the formal sale and purchase agreement to be entered into between Mr. Qi, the Vendor and JD Car to, among others, include the terms set out in the Framework Agreement and any other supplement(s) or clarification(s) to be agreed by Mr. Qi, JD Car and the Vendor and the form(s) of the other ancillary agreement(s) and documentation(s) for the implementation of the Contractual Arrangement(s)
"Sparkle Roll"	Sparkle Roll Holdings Limited, a company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Qi
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Valuer"	GA Appraisal Limited, an independent firm of qualified professional valuers
"Vendor"	Sparkle Roll
"%"	per cent

For illustrative purposes in this announcement only, exchange of RMB into HK$ has been carried out at an exchange rate of HK$1 = RMB0.93.

By Order of the Board
Jade Dynasty Group Limited
Tong Kai Lap
Deputy Chairman

Hong Kong, 23 January 2008

As at the date of this announcement, the Company has three executive directors, three non-executive directors and three independent non-executive directors. The executive directors are Mr. Wan Siu Lun, Mr. Wong Chun Keung and Mr. Kwong Chi Tak. The non-executive directors are Mr. Tong Kai Lap, Mr. Ko Chi Keung and Mr. Zheng Hao Jiang and the independent non-executive directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Tsui Pui Hung.

* *for identification purpose only*