Jade Dynasty Group Limited
玉皇朝集團有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 970)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

INTERIM RESULTS

The board of directors (the "Directors") of Jade Dynasty Group Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (hereafter the "Group") for the six months ended 30 September 2007 together with comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	NOTES	**For the Six months ended 30.9.2007 *HK$'000* (unaudited)**	30.9.2006 *HK$'000* (unaudited)
Revenue	2	**55,197**	52,889
Cost of goods sold		**(30,826)**	(28,383)
Direct operating expenses		**(7,790)**	(7,960)
Gross profit		**16,581**	16,546
Other income		**1,290**	561
Selling and distribution costs		**(1,835)**	(1,639)
Administrative expenses		**(6,618)**	(6,202)
Operating profits	*3*	**9,418**	9,266
Finance costs	*4*	**(135)**	(277)
Profit before income tax		**9,283**	8,989
Income tax expense	*5*	**(1,410)**	(1,300)
Profit for the period		**7,873**	7,689
Attributable to:			
Equity holders of the Company		**7,875**	7,689
Minority interests		**(2)**	–
		7,873	7,689
Dividends	*6*	**2,169**	1,862
Earnings per share	*7*		
Basic		**0.8 cent**	0.8 cent
Diluted		**0.8 cent**	0.8 cent

* *For identification purposes only*

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2007

	NOTES	30.9.2007 HK$'000 (unaudited)	31.3.2007 HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**7,658**	7,899
Prepaid lease payments		**8,271**	8,358
Intangible assets		**5,632**	6,107
Goodwill		**124,539**	124,539
Deferred tax assets		**3,540**	4,353
Trade receivables	*8*	**–**	1,597
		149,640	152,853
Current assets			
Prepaid lease payments		**174**	174
Inventories		**73,961**	65,298
Trade receivables	*8*	**41,377**	31,252
Other receivables, deposits and prepayments		**9,215**	11,239
Tax recoverable		**625**	1,280
Pledged bank deposits		**4,335**	4,258
Cash and bank balances		**72,941**	5,299
		202,628	118,800
Current liabilities			
Trade payables	*9*	**10,008**	9,672
Other payables and accrued charges		**6,452**	4,597
Provision for tax		**1,186**	1,521
Bank borrowings		**3,487**	3,557
Convertible notes		**1,622**	5,603
		22,755	24,950
Net current assets		**179,873**	93,850
Total assets less current liabilities		**329,513**	246,703
EQUITY			
Equity attributable to the equity holders			
Share capital		**2,081**	1,865
Reserves		**324,991**	242,395
		327,072	244,260
Minority interests		**2,441**	2,443
Total equity		**329,513**	246,703

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months period ended 30 September 2007 (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Interim Financial Statements have been prepared on the historical cost basis.

The accounting policies adopted in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2007.

In the current interim period, the Group has adopted, for the first time, all the new and revised HKFRSs which are effective on 1 April 2007 and relevant to the Group. The adoption of the new and revised HKFRSs did not result in significant changes in the Group's accounting policies and had no significant financial impact on the current or the prior accounting periods.

The Group has not early adopted the new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of the standards or interpretations will have no material impact on the financial statements of the Group.

2. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into two operating divisions, namely, comics publication and multimedia development. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Comics publication	–	publication of comics books and related business
Multimedia development	–	development of animation, games websites and licensing

For the six months ended 30 September 2007 and 30 September 2006

	Comics publication 2007 HK$'000 (unaudited)	Comics publication 2006 HK$'000 (unaudited)	Multimedia development 2007 HK$'000 (unaudited)	Multimedia development 2006 HK$'000 (unaudited)	Total 2007 HK$'000 (unaudited)	Total 2006 HK$'000 (unaudited)
Revenue	**51,197**	50,622	**4,000**	2,267	**55,197**	52,889
Segment result	**9,058**	12,166	**3,008**	2,231	**12,066**	14,397
Unallocated income					**891**	320
Unallocated expenses					**(3,539)**	(5,451)
Finance costs					**(135)**	(277)
Profit before income tax					**9,283**	8,989
Income tax expense					**(1,410)**	(1,300)
Profit for the period					**7,873**	7,689

Geographical segments

	Revenue For the six months ended 30.9.2007 HK$'000 (unaudited)	30.9.2006 HK$'000 (unaudited)
Hong Kong	**50,009**	48,041
Taiwan	**2,511**	2,826
Others	**2,677**	2,022
	55,197	52,889

3. OPERATING PROFITS

	For the six months ended	
	30.9.2007	30.9.2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Operating profits have been arrived at after charging:		
Amortisation of intangible assets	**475**	370
Amortisation of prepaid lease payments	**87**	87
Depreciation of property, plant and equipment	**455**	372
Total amortisation and depreciation	**1,017**	829
Staff costs, including directors emoluments and retirement benefits scheme contributions	**26,579**	24,719
Amount capitalised in inventories	**(7,253)**	(6,501)
Amount charged to income statement	**19,326**	18,218

4. FINANCE COSTS

	For the six months ended	
	30.9.2007	30.9.2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on		
Bank overdrafts and loans wholly repayable within 5 years	**114**	207
Effective interest expense on convertible notes	**21**	70
	135	277

5. INCOME TAX EXPENSE

	For the six months ended	
	30.9.2007	30.9.2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong:		
Current tax:		
– Provision for current period	**588**	999
– Underprovision in prior years	**9**	–
Deferred tax charge	**813**	301
	1,410	1,300

Hong Kong profits tax is calculated at 17.5% (six months ended 30 September 2006: 17.5%) on the estimated assessable profits for the six months ended 30 September 2007.

No provision for PRC Income Tax has been made as the Group has no assessable profit derived from the PRC.

6. DIVIDENDS

The directors have determined that an interim dividend of HK0.2 cent per share (six months ended 30 September 2006: HK0.2 cent per share) amounting to HK$2,169,000 (six months ended 30 September 2006: HK$1,862,000) be payable on 24 January 2008 to the shareholders of the Company whose names appear in the Register of Members on 10 January 2008 ("Book Close Date").

	For the six months ended	
	30.9.2007	30.9.2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interim dividend to existing shareholders	**2,081**	1,856
Interim dividend to share options holders	**–**	6
Interim dividend to convertible notes holders	**6**	–
Interim dividend to Acquisition shares holders	**82**	–
	2,169	1,862

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	For the six months ended	
	30.9.2007	30.9.2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings for the purpose of basic earnings per share	**7,875**	7,689
Interest on convertible notes	**21**	70
Earnings for the purpose of diluted earnings per share	**7,896**	7,759
Number (weighted average number) of ordinary shares for the purpose of basic earnings per share	**997,968,220**	905,677,101
Effect of dilutive potential ordinary shares:		
Share options	**1,499,073**	6,130,786
Convertible notes	**5,589,919**	16,885,065
Weighted average number of shares for the purpose of diluted earnings per share	**1,005,057,212**	928,692,952

8. TRADE RECEIVABLES

The Group grants an average credit period ranging from 30 days to 60 days to its trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	30.9.2007	31.3.2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-30 days	14,523	15,353
31-60 days	6,177	5,606
61-90 days	5,366	1,769
Over 90 days	15,311	10,121
	41,377	32,849
Less: Trade receivables due over one year	–	(1,597)
Trade receivables due within one year	41,377	31,252

On 9 January 2007, the Group entered into an agreement with one of the major customers that HK$8,597,000 of the trade debts due from this customer is to be settled by 18 equal instalments and none of trade receivables from this customer are to be settled over one year from the balance sheet date (31 March 2007: HK$1,597,000).

9. TRADE PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	30.9.2007	31.3.2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-30 days	2,344	4,044
31-60 days	2,029	1,977
61-90 days	2,184	1,880
Over 90 days	3,451	1,771
	10,008	9,672

10. EVENTS AFTER THE BALANCE SHEET DATE

(1) Subsequent to the period end, all convertibles notes were exercised and 3,054,400 ordinary shares of HK$0.002 each were issued.

(2) On 20 August 2007, the Group entered into a sales and purchase agreement with an independent third party for the acquisition of 51% issued share capital of Super Win Limited which has a wholly owned subsidiary, Suzhou Hongyang Cartoon Production Company Limited, and exclusive entitlement to all of the economic benefits and rights to control, manage and operate Nanjing Hongying Anmie-cartoon Entertainment Company Limited and Shanghai Sanding Animation Creation Company Limited. The transaction is completed on 31 October 2007. Details of information are set out in the circular of the Company on 31 August 2007.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend in respect of the current period of HK0.2 cent (six months ended 30 September 2006: HK0.2 cent) per share. The interim dividend will be paid on 24 January 2008 to members whose name appears on the Register of the Members of the Company on 10 January 2008.

CLOSURE OF REGISTER OF MEMBER

The Register of Members of the Company will be closed from 8 January 2008 to 10 January 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 7 January 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The revenue of the Group for the six months ended 30 September 2007 of approximately HK$55.2 million represented a slight increase of approximately 4% compared to approximately HK$52.9 million recorded in the corresponding period of last year. In line with slight increment in revenue, the Group recorded net profit after tax of approximately HK$7.9 million, representing an increase of 3% compared to approximately HK$7.7 million for the last corresponding period. The increase in net profit was mainly due to the increase of sale of multimedia licensing to HK$4.0 million with segment profit of HK$3.0 million.

Operational review

Comics Publication

During the period, the Group published and sold 11 local Chinese comics on a weekly, bi-weekly or monthly basis and approximately 30 Japanese comics on a monthly basis.

Multimedia Development

During the period, multimedia development, especially in the grant of licensing, is continuously developing.

PROSPECTS

Further to our last statement in the middle of the year, we are very pleased to report our latest development.

Regarding our signature animations project, "Shen Bing Kids" has obtained animations distribution licence from the State Administration of Radio, Film and Television ("SARFT") for broadcasting the entire 52 episodes of "Shen Bing Kids" in September 2007. The first 26 episodes have already been premiered on 4 October 2007 during the Golden Week and finished on 6 November 2007. "Shen Bing Kids" was well-received by children audience and animations lovers in the PRC. It has made a new high viewing record among programs recently shown at the 4:30 pm time slot on China Central Television ("CCTV") children channel on the day of its debut. Its audience rating was almost seven times of that of the program shown at the same time slot on the previous day, lifting the place of children channel from 18th to 11th of the audience rating rank as to 4:30 p.m. time slot among all channels under CCTV, which is a remarkable achievement. In Lunar New Year 2008, "Shen Bing Kids" will be broadcasting on provincial television stations in the PRC while the second 26 episodes are preliminarily expected to be premiered on CCTV children channel.

Having received favorable response of audience rating of "Shen Bing Kids", the first 26 episodes of "Shen Bing Kids" were re-broadcasted on CCTV children channel during the "Galaxy Theatre" time slot at 8:30 pm and 9:30 am from 10 November 2007 to 5 December 2007. Further, we are proud to report that according to audience rating information of CCTV, the audience viewing population of "Shen Bing Kids" was once ranked the 4th among all programs aired on CCTV children channel in the week commencing from 18 November 2007. Since the premiere and rebroadcast of "Shen Bing Kids", audio-visual products, animations-derived comics books and derivative products of “Shen Bing Kids” were rolled out in sequence to further drum up the “Shen Bing Kids” fad and strengthen the commodity effect, hoping to generate substantial revenue to the Group. Such rebroadcast will help heating up the “Shen Bing Kids” wave in the PRC and thus driving up the sales of animations-derived products. With the excellent audience rating in the PRC, we will continue to actively lobby CCTV to rebroadcast the first 26 episodes of “Shen Bing Kids” on its other channels as soon as possible to gain maximum exposure. The Group has licensed Guangzhou Toys & Wonders Limited to produce various toys making use of “Shen Bing Kids” characters including robots, role-play puppets and cotton-stuffed dolls to be sold across the PRC and assigned Kin Man Garment Factory Limited, a swimwear manufacturer established in 1959 to produce kids swimwear, sandals, towels and swimming accessories bearing “Shen Bing Kids” characters. Leveraging on the popularity of “Shen Bing Kids” in the PRC, we will continue to strengthen the Group’s revenue generation capacity by soliciting more local and overseas licensees plus licensees incorporated in the PRC to enlarge the derivative products portfolio of our animations titles. The Group hopes to further deliver promising returns in the coming fiscal year to our shareholders.

The Group has continued to expand its comics and animations library through strategic acquisitions plans. Again we are happy to report the further development of our acquisition of “Hongying Group” in the middle of 2007. The acquisition was approved in the Special General Meeting on 20 September 2007 and was completed in early November this year. Encouraging results were recorded during the year under review. “Yamacha’s”, one of the self-developed animations titles under Nanjing Hongying’s animations library already premiered on CCTV children channel in early 2007, copyright of broadcasting and derivative products in Asia Pacific of its first 104 episodes was successfully sold to a Taiwanese enterprise, contributing favorable returns to the shareholders in this fiscal year.

Jackie Chan Animations, our landmark project embarking on the international animations market has been progressing well. Our production team in Hong Kong and the PRC are in full gear to develop the storyboard, hoping to finish the production of the first 26 episodes in 2008. We are hoping that this animations project helps the Group tapping into the international market following our signature project, “Shen Bing Kids”.

With a view to tapping into the fast growing consumer markets in the PRC and thus enhancing the profitability of the Group, our board of directors is in the course of identifying and exploring such investment opportunities.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 30 September 2007, the Group had 222 employees (31 March 2007: 226). Employees' cost charged to the Interim Financial Statements (including directors' other emoluments) amounted to approximately HK$19.3 million for six months ended 30 September 2007 (six months ended 30 September 2006: HK$18.2 million). All permanent employees were under the remuneration policy of fixed monthly salary with discretionary bonus.

There has been no change to the terms of the share option scheme adopted by the Company on 7 October 2002. No new share options were granted during the current period. No share options was exercised during the period and therefore, the total outstanding share options granted to certain directors, employees, consultants, advisors, customers, shareholders and business associates amounted to 3,104,000 as at 30 September 2007 (31 March 2007: 3,116,000).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 30 September 2007 were approximately HK$352.3 million (31 March 2007: HK$271.7 million) which were approximately financed by the shareholders' fund, minority interest and total liabilities of HK$327.1 million (31 March 2007: HK$244.3 million), HK$2.4 million (31 March 2007: HK$2.4 million) and HK$22.8 million (31 March 2007: HK$25.0 million) respectively.

The directors consider that the Group has sufficient working capital for its operations and financial resources for financing future investment opportunities in suitable business ventures.

The Group had limited exposure to fluctuations in exchange rates and its borrowings, bank balances and cash were mainly denominated in Hong Kong dollars and Renminbi.

CAPITAL STRUCTURE

In May 2007, 100 million ordinary shares of HK$0.002 each of the Company were placed to independent professional investors at a price of HK$0.76 each. The net proceeds of approximately HK$74.3 million from the placing agreement were used for further development of multimedia business and general working capital.

During the period, an aggregate principal amount of approximately HK$4.0 million convertible notes were converted into approximately 8.0 million new ordinary shares of HK$0.002 each at HK$0.5 per share.

Subsequent to the period end, HK$1.53 million convertible notes were exercised at HK$0.50 each. As a result, 3.05 million new ordinary shares of HK$0.002 each were issued.

The Group's gearing ratio computed as total borrowings over shareholders' fund was 1.6% as at 30 September 2007 (31 March 2007: 3.8%).

CHARGES ON ASSETS

As at 30 September 2007, certain assets of the Group with an aggregate amount approximately of HK$18.5 million, (31 March 2007: HK$18.7 million) including HK$14.2 million of buildings and prepaid lease payments (31 March 2007: HK$14.4 million) and HK$4.3 million of pledged deposits (31 March 2007: HK$4.3 million), were pledged to secure general banking facilities granted to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Group is committed to ensuring high standard of corporate governance as the Directors believe it would improve effectiveness and efficiencies in the overall business performance of the Group such that the Group could become more competitive in markets and enhancing shareholders' value in consequence.

Compliance with the "Code on Corporate Governance Practices"

During the period, the Group has compiled with all applicable code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

Compliance with the "Model Code"

The Company has adopted Appendix 10 of the Listing Rules "Model Code" to govern securities transactions by the directors. After having made specific enquiry to all directors, all directors confirmed that they complied with the "Model code" during the period.

Audit Committee

The Audit Committee comprises three independent non-executive directors and one non-executive director. The Audit Committee has reviewed with management and the Company's auditors the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the Interim Financial Statements for the six months ended 30 September 2007. The Audit Committee is not aware of any material modifications that should have been made to the Interim Financial Statements for the six months ended 30 September 2007.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The interim results announcement is published on the website of the Company (www.hk970.com) and the Stock Exchange (www.hkex.com.hk) respectively. The 2007 interim report will be despatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board
Wan Siu Lun
Chairman

Hong Kong, 17 December 2007

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