



**JADE DYNASTY GROUP LIMITED**  
**玉皇朝集團有限公司**

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code:970 股份代號：970

INTERIM REPORT  
2007





# JADE DYNASTY GROUP LIMITED

INTERIM REPORT 2007

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# JADE DYNASTY GROUP LIMITED

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Wan Siu Lun (*Chairman*)

Wong Chun Keung

(*Deputy Chairman and Chief Executive Officer*)

Tong Kai Lap\* (*Deputy Chairman*)

Kwong Chi Tak

Ko Chi Keung\*

Zheng Hao Jiang\*

Choy Sze Chung Jojo\*\* (*appointed on 15/10/2007*)

Lam Kwok Cheong\*\* (*appointed on 15/10/2007*)

Tsui Pui Hung\*\* (*appointed on 15/10/2007*)

Ho Yiu Ming\*\* (*resigned on 15/10/2007*)

Kwong Chi Keung\*\* (*resigned on 15/10/2007*)

Ma Fung Kwok\*\* (*resigned on 15/10/2007*)

\* *Non-executive Director*

\*\* *Independent Non-executive Director*

### AUDIT COMMITTEE

Choy Sze Chung Jojo (*Chairman*)

Lam Kwok Cheong

Tsui Pui Hung

Zheng Hao Jiang

### REMUNERATION COMMITTEE

Lam Kwok Cheong (*Chairman*)

Choy Sze Chung Jojo

Tsui Pui Hung

Wan Siu Lun

Wong Chun Keung

### AUTHORISED REPRESENTATIVES

Wan Siu Lun

Wong Chun Keung

### COMPLIANCE OFFICER

Ko Chi Keung

### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Leung Sui Wah Raymond

### PRINCIPAL BANKERS

Chong Hing Bank Limited

Hang Seng Bank Limited

Industrial and Commercial Bank of China  
(Asia) Limited

### AUDITORS

Grant Thornton

Certified Public Accountants

13th Floor, Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

### REGISTERED OFFICE

Clarendon House

2 Church House

Hamilton HM11

Bermuda

### PRINCIPAL OFFICE

11th Floor

Safety Godown Industrial Building

56 Ka Yip Street

Chai Wan

Hong Kong

### REGISTRARS (IN HONG KONG)

Tricor Secretaries Limited

26th Floor Tesbury Centre

28 Queen's Road East

Wan Chai

Hong Kong

### STOCKCODE

970

### WEBSITE

<http://www.hk970.com>



# JADE DYNASTY GROUP LIMITED

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## 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.

### 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).



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## 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%).

## EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Hong Kong dollars and the production cost is mainly denominated in Hong Kong dollars. Therefore, the Group is not exposed to any material foreign currency exchange risk.



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## 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.

## 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 p.m. 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 p.m. and 9:30 a.m. 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





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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.

### 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.



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## INDEPENDENT REVIEW REPORT

Certified Public Accountants  
Member of Grant Thornton International

Grant Thornton   
均富會計師行

### TO THE BOARD OF DIRECTORS OF JADE DYNASTY GROUP LIMITED

*(incorporated in Bermuda with limited liability)*

#### INTRODUCTION

We have reviewed the interim financial report set out on pages 8 to 25 which comprises the condensed consolidated balance sheet of Jade Dynasty Group Limited as of 30 September 2007 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

#### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

#### Grant Thornton

Certified Public Accountants  
13th Floor, Gloucester Tower  
The Landmark  
15 Queen’s Road Central  
Hong Kong

17 December 2007





# JADE DYNASTY GROUP LIMITED

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## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

	NOTES	For the	
		Six months ended	
		30.9.2007	30.9.2006
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	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	4	1,290	561
Selling and distribution costs		(1,835)	(1,639)
Administrative expenses		(6,618)	(6,202)
Operating profits	5	9,418	9,266
Finance costs	6	(135)	(277)
Profit before income tax		9,283	8,989
Income tax expense	7	(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	8	2,169	1,862
Earnings per share	9		
Basic		0.8 cent	0.8 cent
Diluted		0.8 cent	0.8 cent



# JADE DYNASTY GROUP LIMITED

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## CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2007

	NOTES	30.9.2007 HK\$'000 (unaudited)	31.3.2007 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	7,658	7,899
Prepaid lease payments		8,271	8,358
Intangible assets	11	5,632	6,107
Goodwill		124,539	124,539
Deferred tax assets	13	3,540	4,353
Trade receivables	14	–	1,597
		<u>149,640</u>	<u>152,853</u>
<b>Current assets</b>			
Prepaid lease payments		174	174
Inventories		73,961	65,298
Trade receivables	14	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
		<u>202,628</u>	<u>118,800</u>
<b>Current liabilities</b>			
Trade payables	15	10,008	9,672
Other payables and accrued charges		6,452	4,597
Provision for tax		1,186	1,521
Bank borrowings	16	3,487	3,557
Convertible notes	17	1,622	5,603
		<u>22,755</u>	<u>24,950</u>
<b>Net current assets</b>		<u>179,873</u>	<u>93,850</u>
<b>Total assets less current liabilities</b>		<u>329,513</u>	<u>246,703</u>
<b>EQUITY</b>			
<b>Equity attributable to the equity holders</b>			
Share capital	18	2,081	1,865
Reserves		324,991	242,395
		<u>327,072</u>	<u>244,260</u>
<b>Minority interests</b>		<u>2,441</u>	<u>2,443</u>
<b>Total equity</b>		<u>329,513</u>	<u>246,703</u>



# JADE DYNASTY GROUP LIMITED

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000 (Note 1)	Contributed surplus HK\$'000 (Note 2)	Exchange reserve HK\$'000	Proposed final dividends HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2006	1,689	62,912	66	(36,810)	49,394	2	1,855	109,055	188,163	-	188,163
Exchange difference on translation of overseas operations recognised directly in equity	-	-	-	-	-	(16)	-	-	(16)	-	(16)
Profit for the period	-	-	-	-	-	-	-	7,689	7,689	-	7,689
Total recognised income and expense for the period	-	-	-	-	-	(16)	-	7,689	7,673	-	7,673
Issue of shares upon conversion of convertible notes	39	9,634	(42)	-	-	-	-	-	9,631	-	9,631
Issue of shares upon exercise of shares options	48	8,868	-	-	-	-	-	-	8,916	-	8,916
Placing of share	80	29,120	-	-	-	-	-	-	29,200	-	29,200
Expenses of issue of shares	-	(989)	-	-	-	-	-	-	(989)	-	(989)
Final dividends paid for the year ended 31 March 2006	-	-	-	-	-	-	(1,855)	-	(1,855)	-	(1,855)
At 30 September 2006	1,856	109,545	24	(36,810)	49,394	(14)	-	116,744	240,739	-	240,739
Exchange difference on translation of overseas operations recognised directly in equity	-	-	-	-	-	48	-	-	48	-	48
Profit for the year	-	-	-	-	-	-	-	3,681	3,681	(7)	3,674
Total recognised income and expense for the period	-	-	-	-	-	48	-	3,681	3,729	(7)	3,722
Issue of shares upon conversion of convertible notes	9	1,645	-	-	-	-	-	-	1,654	-	1,654
Minority interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	2,450	2,450
Interim dividend paid for the period ended 30 September 2006	-	-	-	-	-	-	-	(1,862)	(1,862)	-	(1,862)
Proposed final dividends for the year ended 31 March 2007	-	-	-	-	-	-	2,081	(2,081)	-	-	-
At 31 March 2007 and 1 April 2007	1,865	111,190	24	(36,810)	49,394	34	2,081	116,482	244,260	2,443	246,703
Exchange difference on translation of overseas operations recognised directly in equity	-	-	-	-	-	(59)	-	-	(59)	-	(59)
Profit for the period	-	-	-	-	-	-	-	7,875	7,875	(2)	7,873
Total recognised income and expense for the period	-	-	-	-	-	(59)	-	7,875	7,816	(2)	7,814
Issue of shares upon conversion of convertible notes	16	3,984	(17)	-	-	-	-	-	3,983	-	3,983
Placing of shares	200	75,800	-	-	-	-	-	-	76,000	-	76,000
Expenses of issue of shares	-	(2,906)	-	-	-	-	-	-	(2,906)	-	(2,906)
Final dividends paid for the year ended 31 March 2007	-	-	-	-	-	-	(2,081)	-	(2,081)	-	(2,081)
<b>At 30 September 2007 (unaudited)</b>	<b>2,081</b>	<b>188,068</b>	<b>7</b>	<b>(36,810)</b>	<b>49,394</b>	<b>(25)</b>	<b>-</b>	<b>124,357</b>	<b>327,072</b>	<b>2,441</b>	<b>329,513</b>

Notes :

- The special reserve of the Group represents the difference between the nominal amount of the shares of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the shares issued for the acquisition.
- Pursuant to a special resolution passed at the annual general meeting of the Company on 10 August 2004, the Company reduced its share premium by an amount of approximately HK\$286,300,000 in accordance with the provisions of section 46 of the Bermuda Companies Act 1981 and transferred the same amount to the contributed surplus account of the Company. On the same date, the Company applied an amount of approximately HK\$236,906,000 from the contributed surplus account against the accumulated losses. The remaining balance of the contributed surplus amounted to HK\$49,394,000.



# JADE DYNASTY GROUP LIMITED

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

	NOTE	Six months ended	
		30.9.2007	30.9.2006
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Net cash used in operating activities		(3,709)	(9,310)
Cash flows from investing activities			
Increase in pledged bank deposits		(77)	(75)
Net cash used in other investing activities		677	(853)
Net cash generated from/(used in) investing activities		600	(928)
Cash flows from financing activities			
New bank loans raised		2,500	–
Repayment of bank loans		(1,839)	(13,753)
Proceeds from issue of shares		73,094	37,127
Dividend paid to shareholders		(2,081)	(1,855)
Others		(133)	(271)
Net cash generated from financing activities		71,541	21,248
Net increase in cash and cash equivalents		68,432	11,010
Cash and cash equivalents at beginning of the period		3,930	2,318
Effect of foreign exchange rate changes		(59)	(16)
Cash and cash equivalents at end of the period		72,303	13,312
Analysis of balances of cash and cash equivalents			
Cash and bank balances		72,941	13,312
Bank overdrafts	16	(638)	–
Cash and cash equivalents at end of the period		72,303	13,312



# JADE DYNASTY GROUP LIMITED

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

### 1. GENERAL INFORMATION

Jade Dynasty Group Limited (the “Company”) is an exempted company with limited liability incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its registered address is Clarendon House, 2 Church House, Hamilton HM11, Bermuda and the principal place of business is 11th Floor, Safety Godown Industrial Building, 56 Kai Yip Street, Chai Wan, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively, the “Group”) are the publication of comics books and multimedia development.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2007 (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements do not include all of the information required for full annual financial statements and thereby should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2007. The Interim Financial Statements of the Group are unaudited and have been reviewed by the Company’s Audit Committee.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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 Group’s annual financial statements for the year ended 31 March 2007 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and became effective in the current interim period as discussed below:

#### 2.1 Impact of new and revised HKFRSs which are effective in the current interim period

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.



## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.2 Impact of new and revised HKFRSs which are issued but not yet effective

The Group has not early adopted the following new standards and interpretations that have been issued but are not yet effective:

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Interpretation 12	Service Concession Arrangements <sup>2</sup>
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) – Interpretation 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction <sup>2</sup>

Note:

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

The Group is in the process of assessing the potential impact of these new and revised HKFRSs but is not yet in a position to determine whether these new and revised HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

## 3. 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





# JADE DYNASTY GROUP LIMITED

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## 3. SEGMENT INFORMATION *(Continued)*

### Business segments *(Continued)*

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

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

### Geographical segments

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



# JADE DYNASTY GROUP LIMITED

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## 4. OTHER INCOME

	For the	
	six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Advertising income	227	223
Interest income	891	320
Other	172	18
	<u>1,290</u>	<u>561</u>

## 5. 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	<u>1,017</u>	<u>829</u>
Staff costs, including directors emoluments and retirement benefits scheme contributions	26,579	24,719
Amount capitalised in inventories	<u>(7,253)</u>	<u>(6,501)</u>
Amount charged to income statement	<u>19,326</u>	<u>18,218</u>



# JADE DYNASTY GROUP LIMITED

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## 6. 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
	<u>135</u>	<u>277</u>

## 7. 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 (note 13)	813	301
	<u>1,410</u>	<u>1,300</u>

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.



# JADE DYNASTY GROUP LIMITED

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## 7. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense for the six months ended 30 September 2007 to the profit before income tax per the condensed consolidated income statement at applicable tax rate is as follows:

	For the	
	six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Tax at Hong Kong profits tax rate of 17.5% (six months ended 30 September 2006: 17.5%)	1,625	1,573
Tax effect of expenses not deductible for tax purpose	4	4
Tax effect of income not taxable	(310)	(509)
Tax effect of tax losses not recognised	150	295
Underprovision in prior year	9	–
Others	(68)	(63)
Income tax expense for the period	<u>1,410</u>	<u>1,300</u>

## 8. 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 (Note 1)	–	6
Interim dividend to convertible notes holders (Note 2)	6	–
Interim dividend to Acquisition Shares holders (Note 3)	82	–
	<u>2,169</u>	<u>1,862</u>



# JADE DYNASTY GROUP LIMITED

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### 8. DIVIDENDS *(Continued)*

During the six months ended 30 September 2007, a dividend of HK0.2 cent (six months ended 30 September 2006: HK0.2 cent) per share, amounting to HK\$2,081,000 (six months ended 30 September 2006: HK\$1,855,000) was paid to shareholders as the final dividend for the immediate preceding financial year.

#### Note

- (1) Subsequent to 30 September 2006, an aggregate amount of HK\$1,110,000 share options were exercised into 3,000,000 ordinary shares (the "New Shares"). The holders of the New Shares were also entitled to an equivalent amount of interim dividend per share pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of approximately HK\$6,000 was paid to the holders of the New Shares.
- (2) Subsequent to 30 September 2007, all convertible notes were exercised and 3,054,400 ordinary shares (the "New Shares") were issued. The holders of the New Shares were also entitled to an equivalent amount of interim dividend per share pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of approximately HK\$6,000 will be paid to the holders of the New Shares.
- (3) Subsequent to 30 September 2007, 40,800,000 ordinary shares (the "Acquisition Shares") were issued 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. Details of information are set out in the circular of the Company on 31 August 2007. The holder of the Acquisition Shares was also entitled to an equivalent amount of interim dividend per share pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of approximately HK\$82,000 will be paid to the holder of the Acquisition Shares.
- (4) The number of shares entitled to interim dividend is subject to exercise of Company's share options prior to the Book Close Date.



# JADE DYNASTY GROUP LIMITED

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## 9. 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

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment at cost of approximately HK\$214,000 (six months ended 30 September 2006: HK\$1,318,000).

## 11. MOVEMENTS IN INTANGIBLE ASSETS

Intangible assets represented copyrights and trademarks. During the period, the Group incurred amortisation of intangible assets of approximately HK\$475,000 (six months ended 30 September 2006: HK\$370,000). The intangible assets have useful lives ranging from 4 to 10 years.

## 12. PLEDGE OF ASSETS

- At 30 September 2007, the Group had pledged its buildings of approximately HK\$5,740,000 (31 March 2007: HK\$5,821,000) and prepaid lease payments of approximately HK\$8,445,000 (31 March 2007: HK\$8,532,000) to banks to secure general banking facilities granted to the Group.
- At 30 September 2007, deposits of approximately HK\$4,335,000 (31 March 2007: HK\$4,258,000) were pledged to banks to secure general banking facilities granted to the Group.





# JADE DYNASTY GROUP LIMITED

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## 13. DEFERRED TAX ASSETS

The following is the major deferred tax assets recognised by the Group and movements thereon during the current and prior reporting periods.

	Tax losses HK\$'000
At 1 April 2006	3,092
Charged to income statement for the period (note 7)	(301)
At 30 September 2006	2,791
Credited to income statement for the period	1,562
At 31 March 2007	4,353
Charged to income statement for the period (note 7)	(813)
At 30 September 2007 (unaudited)	3,540

At the balance sheet date, the Group has unused tax losses of HK\$24,955,000 (31 March 2007: HK\$28,744,000) available to offset against future profits. Deferred tax assets have been recognised in respect of HK\$21,619,000 (31 March 2007: HK\$26,263,000) of such losses as the directors consider that the realisation of these deferred tax assets through the future taxable profits of those subsidiaries which incurred these tax losses is probable. No deferred tax has been recognised in respect of the remaining HK\$3,336,000 (31 March 2007: HK\$2,481,000) due to the unpredictability of future profit streams of these subsidiaries which incurred these remaining tax losses.

## 14. 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 HK\$'000 (unaudited)	31.3.2007 HK\$'000 (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).



# JADE DYNASTY GROUP LIMITED

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## 15. TRADE PAYABLES

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

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

## 16. BANK BORROWINGS

	<b>30.9.2007</b>	31.3.2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Current		
Bank overdrafts (unsecured)	–	1,369
Bank overdrafts (secured)	<b>638</b>	–
Secured bank loans	<b>2,500</b>	1,500
Unsecured bank loans	<b>349</b>	688
	<b>3,487</b>	3,557



# JADE DYNASTY GROUP LIMITED

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## 16. BANK BORROWINGS *(Continued)*

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are:

	<b>For the six months ended 30.9.2007</b>	For the six months ended 30.9.2006
Bank overdrafts (secured)	<b>Hong Kong Dollar Prime Rate + 0.5%</b>	–
Secured bank loans	<b>Fixed rate of 6.5%</b>	Hong Kong Dollar Prime Rate – 2%
Unsecured bank loans	<b>Hong Kong Dollar Prime Rate – 2%</b>	–

The Group's bank borrowings are denominated in Hong Kong dollars and their fair value approximates to the corresponding carrying amount.

## 17. CONVERTIBLE NOTES

Convertible notes (the "Notes") of the Group were issued on 19 October 2004 upon completion of the agreement for the purchase of 49% equity interests in Jade Dynasty Holdings Limited, the Company's direct subsidiary. The Notes are convertible into ordinary shares of the Company at a price of HK\$0.50 (subject to adjustments) and will be matured on 18 October 2007 ("Maturity Date").

The Notes bear interest on the outstanding principal from the date of issue to the date of redemption or conversion at a rate of 2% per annum payable in arrears semi-annually.

The Group may elect to repay the outstanding principal under the Notes prior to the Maturity Date provided that the amount of principal repaid under each Note shall not exceed (i) within the first year of issue, one-third of the original principal amount of such Note and (ii) within the second year of issue, two-thirds of the original principal amount of such Note.

Unless converted by the noteholders or repaid by the Group before the Maturity Date, the Group will repay the Notes in cash without premium representing the outstanding principal, accrued and unpaid interest in accordance with the aforesaid terms and conditions of the Notes at the Maturity Date.

Subsequent to the balance sheet date, all outstanding Notes were converted into ordinary shares of the Company. As such, the outstanding balance of the Notes was nil as of the date of this report.



# JADE DYNASTY GROUP LIMITED

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## 18. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.002 each		
At 1 April 2006, 30 September 2006, 31 March 2007 and 30 September 2007	250,000,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK\$0.002 each		
At 1 April 2006	844,357,384	1,689
Issue of new shares upon conversion of convertible notes	19,345,066	39
Issue of new shares upon exercise of share options	24,192,000	48
Placement of shares	40,000,000	80
At 30 September 2006 and 1 October 2006	927,894,450	1,856
Issue of new shares upon exercise of share options	4,500,000	9
At 31 March 2007 and 1 April 2007	932,394,450	1,865
Issue of new shares upon conversion of convertible notes	8,000,000	16
Placement of shares *	100,000,000	200
At 30 September 2007	1,040,394,450	2,081

- \* On 29 May 2007, 100,000,000 ordinary shares of HK\$0.002 each of the Company held by Super Empire Investments Limited ("Super Empire"), a company wholly owned by the major shareholder of the Company, were placed to independent professional investors at a price of HK\$0.76 each and on 13 June 2007, 100,000,000 new ordinary shares of HK\$0.002 each of the Company were issued and allotted to Super Empire at a price of HK\$0.76 each under a placing and subscription agreement entered by the Company.



# JADE DYNASTY GROUP LIMITED

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## 19. RELATED PARTY TRANSACTIONS

During the period, save as disclosed elsewhere in these Interim Financial Statements, the Group had the following significant transactions with related parties:

		For the	
		six months ended	
	Notes	30.9.2007	30.9.2006
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Payment of comics script fee and bonus to a shareholder	(1)	2,334	2,358
Payment of salaries and administrative fees to related parties	(2)	588	662

Remuneration of directors and other members of key management other than Mr. Wong Chun Loong ("Mr. Wong") during the period was as follows:

	For the	
	six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries and other benefits	3,921	3,802
Contributions to retirement benefits schemes	60	55

Note:

1. During the period, the Group paid comics script fee and bonus to Mr. Wong, in the capacity as chief creative officer in pursuance with relevant service agreements signed with the Group on 30 March 2007 and 29 June 2006.
2. During the period ended 30 September 2007 and 30 September 2006, the Group paid salaries and administrative expenses to certain relatives of two directors of the Company, Mr. Tong Kai Lap and Mr. Wong Chun Keung. The amounts paid to these related parties are for the purpose of normal course of business.



# JADE DYNASTY GROUP LIMITED

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## 20. OPERATING LEASES

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	<b>30.9.2007</b>	31.3.2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Within one year	<b>802</b>	199
In the second to fifth year inclusive	<b>492</b>	–
	<b>1,294</b>	199

Operating lease payments represent rentals payable by the Group for its staff quarters and office premises in the Mainland China and Taiwan. Leases are mainly negotiated for an average term of one to two years.

## 21. 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.

## 22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The financial statements for the period ended 30 September 2007 were approved by the Board of directors on 17 December 2007.





# JADE DYNASTY GROUP LIMITED

INTERIM REPORT 2007

## ADDITIONAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 30 September 2007, the interests of the directors and their associates in the shares and convertible notes of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

#### Long positions in the shares and underlying shares of the Company

Name of director	Capacity	Number of shares	Approximate % of the issued share capital of the Company (Note 3)
Mr. Wan Siu Lun	Beneficial owner	504,000 ordinary shares	0.05%
Mr. Wong Chun Keung	Beneficial owner	4,264,000 ordinary shares	0.41%
Mr. Kwong Chi Tak	Beneficial owner	1,122,666 ordinary shares	0.11%
Mr. Tong Kai Lap ("Mr. Tong") (Note 1)	Founder of discretionary trust	10,274,400 ordinary shares	1.69%
Mr. Tong	Beneficial owner	4,760,000 ordinary shares	1.69%
Mr. Tong (Note 2)	Interest of spouse	2,551,466 ordinary shares	1.69%
Mr. Ko Chi Keung	Beneficial owner	580,000 ordinary shares	0.06%
Mr. Zheng Hao Jiang	Beneficial owner	10,640,000 ordinary shares	1.02%

Notes:

- (1) Interest of issued shares shown in this row is beneficially owned by Rapid Alert International Limited, a company controlled by a discretionary trust of which Mr. Tong is the founder. Accordingly, Mr. Tong is deemed to be interested in these securities. The total interest of issued shares of Mr. Tong are 17,585,866 shares.
- (2) Interest of issued shares shown in this row is beneficially owned by Ms. Wong Miu Ling, Patricia, the spouse of Mr. Tong. Accordingly, Mr. Tong is deemed to be interested in these securities.
- (3) The denominator used is 1,040,394,450 shares, being the total number of shares in issue as at 30 September 2007.
- (4) Other than as disclosed above and in the section headed "Share Options Scheme" below, none of the directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as at 30 September 2007.



# JADE DYNASTY GROUP LIMITED

INTERIM REPORT 2007

## ADDITIONAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

### SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of the providing incentives and rewards to eligible participants who contribute to the success of the Group’s business. Eligible participants of the Scheme include any director (including executive, non-executive and independent non-executive director), any employee, or any consultant, advisor, customer, shareholder and business associate. The Company’s Scheme was adopted pursuant to an ordinary resolution passed at a special general meeting of the Company held on 7 October 2002.

The following table discloses movements in the Company’s share options held by the Company’s directors, employees and other registered holders under the Scheme during the period:

Name of director	Option type	Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1 April 2007	Exercised during the period	Lapsed during the period	Outstanding at 30 September 2007
Mr. Wong Chun Keung	2004	2 April 2004	22 April 2004 to 21 April 2007	0.363	-	-	-	-
	2005	6 January 2005	21 January 2005 to 20 January 2008	0.370	1,200,000	-	-	1,200,000
Mr. Kwong Chi Tak	2004	2 April 2004	22 April 2004 to 21 April 2007	0.363	4,000	-	(4,000)	-
	2005	6 January 2005	21 January 2005 to 20 January 2008	0.370	904,000	-	-	904,000
Mr. Tong Kai Lap	2004	2 April 2004	22 April 2004 to 21 April 2007	0.363	4,000	-	(4,000)	-
	2005	6 January 2005	21 January 2005 to 20 January 2008	0.370	-	-	-	-
Mr. Ko Chi Keung	2004	2 April 2004	22 April 2004 to 21 April 2007	0.363	-	-	-	-
	2005	6 January 2005	21 January 2005 to 20 January 2008	0.370	1,000,000	-	-	1,000,000
Employees	2004	2 April 2004	22 April 2004 to 21 April 2007	0.363	4,000	-	(4,000)	-
					3,116,000	-	(12,000)	3,104,000



# JADE DYNASTY GROUP LIMITED

INTERIM REPORT 2007

## ADDITIONAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

### SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares	Approximate % of the issued share capital of the Company (Note 4)
Super Empire Investments Limited ("Super Empire")	Beneficial owner	303,435,100 (L)	29.17%
Mr. Wong Chun Loong ("Mr. Wong") (Note 1)	Held by controlled corporation	303,435,100 (L)	29.17%
Super Empire Investments Limited ("Super Empire")	Beneficial owner	39,473,684 (S)	3.79%
Mr. Wong Chun Loong ("Mr. Wong") (Note 1)	Held by controlled corporation	39,473,684 (S)	3.79%
Hong Ying Universe Company Limited ("Hong Ying") (Note 2)	Held by controlled corporation	130,800,000 (L)	12.57%
Mr. Hsieh Tai Chun ("Mr. Hsieh") (Note 2)	Beneficial owner	130,800,000 (L)	12.57%
Ms. Liu Su ("Ms. Liu") (Note 2)	Interest of spouse	130,800,000 (L)	12.57%
Citigroup Inc.	Interest of controlled corporation	83,000,000 (L)	7.98%
Evolution Master Fund Ltd.	Interest of controlled corporation	119,473,684 (L)	11.48%
Evolution Capital LLC	Interest of controlled Corporation	119,473,684 (L)	11.48%

L: Long position

S: Short position



# JADE DYNASTY GROUP LIMITED

INTERIM REPORT 2007

## ADDITIONAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

### SUBSTANTIAL SHAREHOLDERS *(Continued)*

Notes:

- (1) Super Empire is a company controlled by Mr. Wong. Accordingly, Mr. Wong is deemed to be beneficial holders of shares held by Super Empire.
- (2) Hong Ying is a company controlled by Mr. Hsieh and Ms. Liu is wife of Mr. Hsieh. Accordingly, Mr. Hsieh is deemed to be beneficial holders of shares held by Hong Ying and Ms. Liu.
- (3) The denominator used is 1,040,394,450 shares, being the total number of shares in issue as at 30 September 2007.
- (4) Other than as disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 30 September 2007.

### 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.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

### RE-DESIGNATION, APPOINTMENT AND RESIGNATION OF DIRECTORS

Mr. Wong Chun Keung was appointed as chief executive officer and member of Remuneration Committee and Mr. Ko Chi Keung was re-designated as non-executive director and resigned from his office as chief executive officer and member of Remuneration Committee on 1 October 2007. Details of information are set out in the announcement of the Company dated 2 October 2007.



# JADE DYNASTY GROUP LIMITED

INTERIM REPORT 2007

## ADDITIONAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

### RE-DESIGNATION, APPOINTMENT AND RESIGNATION OF DIRECTORS *(Continued)*

Mr. Ho Yiu Ming, Mr. Kwong Chi Keung and Mr. Ma Fung Kwok resigned the office of Audit Committee, Remuneration Committee and independent non-executive directors of the Company with effect on 15 October 2007. On the same day, Mr. Choy Sze Chung, Jojo was appointed as chairman of Audit Committee, member of Remuneration Committee and independent non-executive director of the Company. Mr. Lam Kwok Cheong was appointed as member of Audit Committee, chairman of Remuneration Committee and independent non-executive director of the Company. Mr. Tsui Pui Hung was appointed as member of Audit Committee, member of Remuneration Committee and independent non-executive director of the Company. Details of information are set out in the announcement of the Company dated 15 October 2007.

Mr. Wan Siu Lun was appointed as chairman and member of Remuneration Committee and Mr. Tong Kai Lap was re-designated as non-executive director and deputy chairman and resigned from his office as chairman and member of Remuneration Committee on 1 November 2007. Details of information are set out in the announcement of the Company dated 2 November 2007.

## 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 directors are of the opinion that the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules ("CG Practices") throughout the six months ended 30 September 2007.

### Compliance with the "Model Code"

The Company has adopted the Model Code for Securities Transactions by directors of Listed Companies ("Model Code") contained in Appendix 10 of the Listing Rules 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.



### ADDITIONAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

#### CORPORATE GOVERNANCE *(Continued)*

##### **Audit Committee**

The Audit Committee comprises three independent non-executive directors, namely Mr. Ho Yiu Ming (Chairman of the Committee) resigned on 15 October 2007 and Mr. Choy Sze Chung Jojo (Chairman of the Committee) was appointed on 15 October 2007, Mr. Kwong Chi Keung resigned on 15 October 2007 and Mr. Lam Kwok Cheong was appointed on 15 October 2007, Mr. Ma Fung Kwok resigned on 15 October 2007 and Mr. Tsui Pui Hung was appointed on 15 October 2007 and one non-executive director, namely Mr. Zheng Hao Jiang with written terms of reference in line with the code provisions set out in the CG Practices. 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.

##### **Remuneration Committee**

The Remuneration Committee comprises three independent non-executive directors, namely, Mr. Kwong Chi Keung (Chairman of the Committee) resigned on 15 October 2007 and Mr. Lam Kwok Cheong (Chairman of the Committee) was appointed on 15 October 2007, Mr. Ho Yiu Ming resigned on 15 October 2007 and Mr. Choy Sze Chung Jojo was appointed on 15 October 2007 and Mr. Ma Fung Kwok resigned on 15 October 2007 and Mr. Tsui Pui Hung was appointed on 15 October 2007 and two executive directors, namely, Mr. Tong Kai Lap resigned on 1 November 2007 and Mr. Wan Siu Lun (Chairman of the Board) was appointed on 1 November 2007, Mr. Ko Chi Keung resigned on 1 October 2007 and Mr. Wong Chun Keung (Chief Executive Officer) was appointed on 1 October 2007.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure in relation to the remuneration of directors and senior management and reviewing the specific remuneration packages of all executive directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.



# JADE DYNASTY GROUP LIMITED

INTERIM REPORT 2007

## **Directors' Responsibilities for the Financial Statements**

The directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the Interim Financial Statements for the six months ended 30 September 2007, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the Interim Financial Statements on a going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Publication of Detailed Results Announcement on the Stock Exchange's Website**

The information as required by Appendix of the Listing Rules will be published on the Stock Exchange's and the Company's website in due course.

By order of the Board

**Wan Siu Lun**

Chairman

Hong Kong, 17 December 2007