

Dated the 16th day of August 2007

JESSICA PUBLICATIONS LIMITED
(as the Company)

and

HONG BRIDGE CAPITAL LIMITED
(as the Subscriber)

SUBSCRIPTION AGREEMENT
relating to the issue of the Subscription Shares and
Zero Coupon Convertible Notes due 24 months thereafter

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(Our Ref: CHC/KTSO)

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THIS AGREEMENT is dated the 16th day of August 2007 and made

BETWEEN:

- (1) **JESSICA PUBLICATIONS LIMITED**, a company incorporated in the Cayman Islands with limited liability whose registered office is at the offices of Offshore Incorporations (Cayman) Limited, Scotia Centre, 4/F, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands and having a principal place of business in Hong Kong at Unit C, 3rd Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong (the “**Company**” or “**JPL**”); and
- (2) **HONG BRIDGE CAPITAL LIMITED**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at Offshore Incorporations Centre, P.O. Box 957, Road Town Tortola, the British Virgin Islands (the “**Subscriber**”).

BACKGROUND:

- (A) The Company was incorporated in the Cayman Islands on 29 June 2001 with limited liability under the Companies Law, the shares of which are listed on the GEM Board. Further information and particulars concerning the Company and each of the Subsidiaries are set out in Part I and Part II of Schedule 1.
- (B) As at the date of this Agreement, the Company has an authorised share capital of HK\$1,000,000,000 divided into 1,000,000,000,000 Shares, of which 508,879,716 Shares have been issued and are fully paid up. As at the date of this Agreement, there are Options to subscribe for 4,773,440 new Shares. Save for such Options, the Company does not have any securities convertible or exchangeable into Shares.
- (C) The Company is the holding company of a group of companies principally engaged in the publication of magazines .
- (D) The Company has agreed to issue, and the Subscriber has agreed to subscribe or procure the subscription of the Subscription Shares and the Notes at Completion subject to and in accordance with this Agreement.

THE PARTIES AGREE THAT:

1. INTERPRETATION

1.1 In this Agreement, where the context admits:

“**Accounts**” means the audited consolidated accounts of the Group for the financial year ended on the Accounts Date (including the notes and the report of the Directors attached thereto), a copy of which has been delivered to the Subscriber;

“**Accounts Date**” means 31 December 2006;

“**Announcement**” the joint announcement to be made by the Company and the Subscriber in relation to, inter alia, this Agreement, the proposed issue of the Subscription Shares and the Notes, substantially in the form annexed hereto and marked “Exhibit A”;

“associate”	has the meaning given to it under the GEM Listing Rules, and “associates” shall be construed accordingly;
“Business Day”	means any day (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal no.8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which licensed banks in Hong Kong are open for business;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Claim”	has the meaning ascribed to it in Clause 4.9;
“Claimed Amount”	has the meaning ascribed to it in Clause 4.9(a);
“Companies Law”	means the Companies Law (2004 Revision) of the Cayman Islands for the time being in force (as amended);
“Companies Ordinance”	means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“company”	means any company or body corporate wherever incorporated;
“Company’s Solicitors”	means Sidley Austin of Level 39, Two International Finance Centre, 8 Finance Street, Central , Hong Kong;
“Completion”	means completion of the subscription and issue of the Subscription Shares and the Notes and performance by the parties of their respective obligations pursuant to the terms of this Agreement“
“Completion Account”	means the unaudited consolidated balance sheet of the Company as at the Completion Date
“Completion Date”	means on or before the 2nd Business Day following the fulfilment of Conditions Precedent other than Clauses 6.1(f) and (g) or waiver thereof (as the case may be) in accordance with Clause 6.2 or such other date as the Company and the Subscriber shall agree in writing;
“Conditions Precedent”	means the conditions precedent set out in Clause 6.1;
“Control” or “Controlled” (or any correlative term)	means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person, whether through the ownership of voting securities, by contract, credit arrangement or proxy, as trustee, executor, agent or otherwise; and for the purpose of this definition, a person shall be deemed to Control another person if such first person, directly or indirectly, owns or holds more than 30% of the voting equity interests in such another person;
“Conversion Shares”	means ordinary shares in the share capital of the Company to be issued upon conversion of the Notes pursuant to the

	Note Conditions;
“Deposit”	means HK\$2,000,000;
“Directors”	means the directors of the Company set out in Part I of Schedule 1;
“Disclosed”	means : properly and fairly disclosed in this Agreement or the Disclosure Letter or any public documents;
“Disclosure Letter”	means the letter of even date from the Company to the Subscriber disclosing information with respect to the Warranties;
“Disposal”	means the proposed disposal by Great Ready Assets Limited to Win Gain Investments Limited of the entire issued share capital of Jessica Publications (BVI) Limited pursuant to the Disposal Agreement;
“Disposal Agreement”	means the agreement in the agreed form of even date entered into between Great Ready Assets Limited (as vendor) and Win Gain Investments Limited (as purchaser) for effecting the Disposal;
“Disposed Group”	means a group of companies comprising Jessica Publications (BVI) Limited (particulars of which are set out in Part III of Schedule 1);
“Encumbrance”	means any interest or equity of any person (including any right to acquire, option or right of pre-emption), voting arrangement, mortgage, charge, pledge, bill of sale, lien, deposit, hypothecation, assignment or any other encumbrance, priority or security interest or arrangement or interest under any contract or trust or any other third party interest of whatsoever nature over or in the relevant property and “Encumber” shall be construed accordingly;
“Event of Default”	means an event described under “Event of Default” in the Note Conditions;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any of his delegate;
“Extraordinary General Meeting”	means the extraordinary general meeting of the Company to be convened to be held to approve, among other things, this Agreement, the issue of the Notes and the Disposal Agreement;
“GEM”	means the Growth Enterprise Market of the Stock Exchange;
“GEM Board”	means the GEM board operated and maintained by the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM;

“Group”	means the Company, the Subsidiaries and the Disposed Group and “member(s) of the Group” or “Group Company(ies)” shall be construed accordingly;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HK Media Business”	means the business carried on by Superb Taste Company Limited and Jessicacode Limited;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Intellectual Property”	means any patents, trade marks, service marks, rights (registered or unregistered) in any designs; applications for any of the foregoing; domain names; trade or business names; copyright (including rights in computer software) and topography rights; know-how; secret formulae and processes; lists of suppliers and customers and other confidential and proprietary knowledge and information; rights protecting goodwill and reputation; database rights and all rights and forms of protection of a similar nature to any of the foregoing or having equivalent effect anywhere in the world and all rights under licences and consents in respect of any of the rights and forms of protection mentioned in this definition;
“Leased Properties”	means the properties leased by members of the Group (other than the Disposed Group), the particulars of which are set out in Schedule 4;
“Long Stop Date”	means 30 November 2007, or such other date as the Company and the Subscriber may agree in writing;
“Management Accounts”	means the unaudited consolidated management accounts of the Group for the six months ended on the Management Accounts Date;
“Management Accounts Date”	means 30 June 2007;
“Material Adverse Change”	means any event, change in or effect on the Group (excluding the Disposed Group) that, individually or in the aggregate, has had or is reasonably expected to have a material adverse effect on the business, condition (financial or otherwise), results of operations, assets and prospects of the Group (excluding the Disposed Group) taken as a whole;
“month”	is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month provided that if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last day in that later month;

“Note Certificate”	means the definitive registered certificate, substantially in the form set out in Schedule 2, to be issued by the Company in respect of the Notes;
“Note Conditions”	means the terms and conditions of the Notes as set out in the Notes;
“Note Maturity Date”	means the date falling 24 months from the date of issue of the Notes by the Company;
“Note Register”	means the register of holders of the Notes which shall be maintained by the Company in accordance with the requirements of the Notes;
“Note Selling Price”	means a price equal to 100 per cent. of the principal amount of the Notes;
“Notes”	means the zero coupon convertible notes due 24 months after the date of issue of the Notes in the aggregate principal amount of HK\$14.7 million to be issued by the Company subject to, and with the benefit of, the Note Conditions, substantially in the form set out in Schedule 2;
“Options”	means the options which were granted under the Share Option Scheme and remain outstanding as at the date of this Agreement;
“Parties”	means the named parties to this Agreement and “Party” means any one of them;
“PRC”	means The People’s Republic of China, which for the purpose of this Agreement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proceedings”	means any legal actions or proceedings arising out of or in connection with this Agreement;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);
“Share Option Scheme”	means the share option scheme adopted by the Shareholders on 20 December 2001 and in compliance with the GEM Listing Rules pursuant to which options have been or may be granted to eligible participants entitling the holders thereof to subscribe for new Shares upon specified terms;
“Shareholders”	means holders of Shares from time to time;

“Shares”	means ordinary shares of HK\$0.001 each in the capital of the Company, and “Share” means any of them;
“Subscription”	the subscription of the Subscription Shares and the Notes by the Subscriber on the terms and conditions set out in this Agreement;
“Subscription Price”	HK\$0.007 per Subscription Share;
“Subscription Shares”	2,900,000,000 new Shares;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscriber’s Solicitors”	means Kirkpatrick & Lockhart Preston Gates Ellis of 35 th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong;
“Subsidiaries”	means the companies listed in Part II of Schedule 1 ;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;
“Tax” or “Taxation”	means all taxes, fees and surcharges present or future taxes, levies, imposts, duties, fees, assessments, surcharges or other charges of whatever nature, imposed by the government of the Cayman Islands, Hong Kong and the PRC or other relevant jurisdictions, or by any department, agency or other political subdivision or taxing authority thereof, and all interest, penalties or similar liabilities with respect thereto which the Company and/or any of the Subsidiaries are liable to pay, accrue and withhold;
“Transaction Documents”	means this Agreement and the Disposal Agreement;
“Warranties”	means the warranties, representations and/or undertakings given or made by the Company in Clause 4 and Schedule 3, and a “Warranty” shall mean any of them;
“Warranty Period”	has such meaning as ascribed to it under Clause 4.9(c);
“Whitewash Waiver”	a waiver to be sought from the Executive pursuant to Note 1 on the dispensation from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber and parties acting in concert with it as a result of this Agreement to make (a) a mandatory offer for all issued Shares (other than those already owned or agreed to be acquired by the Subscriber and the parties acting in concert with it) and (b) an appropriate offer in respect of all outstanding Options upon Completion; and
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong.

1.2 Any references, express or implied, to statutes or statutory provisions shall be construed as references to those statutes or provisions as respectively amended or re-enacted or as their

application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any statutes or provisions of which they are re-enactments (whether with or without modification) and any orders, regulations, instruments or other subordinate legislation under the relevant statute or statutory provision. References to sections of consolidating legislation shall, wherever necessary or appropriate in the context, be construed as including references to the sections of the previous legislation from which the consolidating legislation has been prepared.

- 1.3 References herein to Recitals, Clauses, Schedules and Exhibits are to recitals to, clauses in and schedules and exhibits to this Agreement (unless the context requires otherwise). The Recitals and the Schedules to this Agreement shall be deemed to form part of this Agreement.
- 1.4 The expressions, the “**Company**” and the “**Subscriber**” shall, where the context permits, include their respective successors, personal representatives and permitted assigns.
- 1.5 The headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.6 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.
- 1.7 References to “**persons**” shall include body corporates, unincorporated associations and partnerships (whether or not having separate legal personality).
- 1.8 References to writing shall include any methods of producing or reproducing words in a legible and non-transitory form.
- 1.9 Unless the context requires otherwise, words and expressions defined in the Companies Ordinance shall bear the same respective meanings when used in this Agreement.
- 1.10 In construing this Agreement:
 - (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
 - (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.
- 1.11 References to a document being “**in the agreed form**” means such documents in the form agreed and initialled for the purposes of identification by or on behalf of the Parties and with such alterations as may be agreed between the Parties.
- 1.12 Any statement in this Agreement qualified by the expression “**to the best of the knowledge, information and belief**” of a person or “**so far as a person is aware**” or “**there are no facts known to a person**” or any similar expression shall be deemed to include an additional representation that it has been made by such person after making reasonable enquiries.
- 1.13 References to times of the day are, unless otherwise specified, to Hong Kong time.

2. ISSUE AND SUBSCRIPTION

- 2.1 Subject to the terms of this Agreement, the Company shall allot and issue the Subscription Shares at the Subscription Price to the Subscriber or its nominee as the Subscriber may direct in accordance with the terms of this Agreement on the Completion Date.
- 2.2 Subject to the satisfaction (or waiver as the case may be) of the Conditions Precedent, the Subscriber shall subscribe or procure subscription by such nominee as referred to in Clause 2.1 of the Subscription Shares at the Subscription Price in accordance with the terms of this Agreement, on the Completion Date.
- 2.3 Subject to the terms of this Agreement, the Company shall issue the Notes at their full face value to the Subscriber or its nominee as the Subscriber may direct in accordance with the terms of this Agreement on the Completion Date.
- 2.4 Subject to the satisfaction (or waiver as the case may be) of the Conditions Precedent, the Subscriber shall subscribe or procure subscription by such nominee as referred to in Clause 2.3 of the Notes at their full face value and pay or procure to be paid the Note Selling Price in accordance with the terms of this Agreement, on the Completion Date.
- 2.5 The Subscriber agrees that, upon the signing of this Agreement, it shall pay the Deposit to the Company (the receipt of which is hereby acknowledged by the Company), which shall be applied in accordance with Clause 6.5 or Clause 7.4 (as the case may be).
- 2.6 The Subscriber shall not be obliged to complete the Subscription unless the subscription of both the Subscription Shares and the Notes are completed at the same time.

3. LISTING

- 3.1 The Company confirms that it shall as soon as practicable following the execution of this Agreement make an application to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.
- 3.2 The Notes shall not be listed on any stock exchange. The Company confirms that it shall as soon as practicable following the execution of this Agreement make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares upon the exercise of the conversion rights attaching to the Notes.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- 4.1 As a condition of the obligations of the Subscriber to subscribe or procure subscription of the Subscription Shares and the Notes, the Company represents and warrants to the Subscriber in the terms set out in Schedule 3 save for and subject to the matters Disclosed. The Company acknowledges that the Subscriber has entered into this Agreement in reliance upon the Warranties given by the Company.
- 4.2 Each of the Warranties shall be fulfilled down to and shall be true and accurate in all material respects and not misleading at Completion and shall be deemed to be repeated by the Company as at Completion, and as at each day following the day on which this Agreement is executed and prior to Completion, as if all references therein to the date hereof were references to the Completion Date or, as the case may be, the relevant date between the day of execution of this Agreement and Completion having regard to the circumstances existing at such times.

- 4.3 In so far as the Warranties relate in whole or in part to matters of fact they shall constitute representations by the Company upon the faith of which the Subscriber has entered into this Agreement and each of the Warranties shall be construed as a separate Warranty and (save as Disclosed or expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other term of this Agreement.
- 4.4 The Company shall procure that (except only to such extent as may be necessary to give effect to this Agreement) neither the Company nor any of its Subsidiaries shall do or omit to do any act prior to Completion which would constitute a breach of any of the Warranties or which would make any of the Warranties inaccurate or misleading in any material respect.
- 4.5 The rights and remedies of the Subscriber in respect of a breach of the Warranties shall not be affected by Completion but shall be subject to Clause 4.9.
- 4.6 The Company hereby undertakes with the Subscriber that it shall as soon as practicable, disclose in writing to the Subscriber any event or circumstance which may to its knowledge arise or become known to it after the date of this Agreement and prior to Completion which is inconsistent with any of the Warranties in any material respect.
- 4.7 The Warranties are given subject to the matters Disclosed in the Disclosure Letter.
- 4.8 In addition to the Subscriber's rights at common law in respect of any breach of any of the Warranties and notwithstanding whether all or any of the transactions contemplated by this Agreement shall have been completed, the Company covenants with the Subscriber to hold the Subscriber indemnified on demand against any loss or liability reasonably suffered by the Subscriber as a result of or in connection with any breach of such Warranties, including without limitation, all reasonable costs and expenses (including, without limitation, legal expenses) which the Subscriber may incur either before or after the commencement of any action in connection with:
- (a) the settlement of any claim for breach of the undertakings given by the Company under Clause 5;
 - (b) the settlement of any claim that any of the Warranties made by them are, on or before the Completion Date, untrue or misleading or have been breached;
 - (c) any Proceedings in which the Subscriber claims that any of Warranties made by it are, on or before the Completion Date, untrue or misleading or have been breached and in which judgment is given for the Subscriber; or
 - (d) the enforcement of any such settlement, arbitral award or judgment (if any).
- 4.9 The liability of the Company in respect of any claims (each a "**Claim**" and together "**Claims**") under this Agreement whether for breach of the Warranties or otherwise shall be limited as follows:
- (a) the maximum aggregate liability of the Company in respect of all Claims for breach shall not exceed the aggregate amount of the Subscription Price and the Note Selling Price ("**Claimed Amount**");
 - (b) in respect of any Claim, the Company shall not be liable for any individual Claim which does not exceed HK\$500,000 or an aggregate of Claims which does not exceed HK\$1,000,000;

- (c) no Claim may be brought against the Company after the expiry of 12 months (the “**Warranty Period**”) after Completion Date and the Company shall not be liable in respect of a breach of any of the Warranties unless it shall have received written notice from the Subscriber prior to the expiry of the Warranty Period giving reasonable details of the relevant Claim;
- (d) the Company shall not be liable for any Claim to the extent that it arises or is increased as a result only of:
 - (i) any voluntary act of any member of the Group (excluding the Disposed Group) and/or the Subscriber after Completion except where such act is done by the Subscriber bona fide and in compliance with Clause 4.9(e);
 - (ii) any legislation not in force at the Completion Date or any change of law or administrative practice which takes effect retroactively or occurs as a result of any increase in the rates of taxation in force at the Completion Date; or
 - (iii) an increase in the rates, method of calculation or scope of taxation after the Completion Date or any change in generally accepted accounting practice after the Completion Date;
- (e) In respect of any claims against any member of the Group (excluding the Disposed Group) other than claims which may be due to the wrongful act or omission of the Company after the Completion Date, the Subscriber shall procure that the Company are promptly informed of any fact, matter, event or circumstance which comes to its notice or to the notice of any member of the Group (excluding the Disposed Group) whereby it appears that the Company is or may become liable to make any payment to the Subscriber under the Warranties in relation to such claims against any member of the Group (other than the Disposed Group) and shall not unreasonably settle or compromise such claim without the prior consultation with the Company. At the request in writing by the Company, the Subscriber shall, subject to (i) the Company providing reasonable security for any costs and expenses which might be incurred by the Subscriber or the relevant member of the Group (excluding the Disposed Group) and (ii) the Subscriber and the relevant member of the Group (excluding the Disposed Group) being indemnified to the Subscriber’s reasonable satisfaction against any liability, costs, damages or expense which may be incurred, take such action as the Company may reasonably request to avoid, dispute, resist, compromise or defend the claim or liability for which the Company may be or become directly or indirectly liable or responsible (subject to their giving timely instructions to the Subscriber) and the Subscriber shall further render or cause to be rendered to the Company all such assistance as the Company may reasonably require in connection with the foregoing.

4.10 The Company hereby warrants that as at Completion, the unaudited consolidated liabilities of the Company as set out in the Completion Account shall be approximately HK\$1,000,000.

4.11 The Subscriber hereby warrants to the Company as follows:

- (a) the Subscriber has power under its memorandum and articles of association or other constitutional documents to subscribe for or procure subscription of the Subscription Shares and the Notes upon the terms set out herein; and
- (b) the Subscriber has full power, authority and legal right to enter into this Agreement and to perform its obligations hereunder and the execution and delivery of this

Agreement and the consummation of the transactions contemplated hereby shall not result in the breach or cancellation or termination of any of the terms or conditions of or constitute a default under any agreement, commitment or other instrument to which the Subscriber is a party or by which the Subscriber may be bound or affected or violate any law or any rule or regulation of any administrative agency or governmental body or any order, writ, injunction or decree of any court, administrative agency or governmental or regulatory body affecting the Subscriber.

5. UNDERTAKINGS

5.1 The Company shall procure that the business of each member of the Group (other than the Disposed Group) is operated in a manner consistent with past practices and in the ordinary course of day-to-day operations during the period from the date hereof until Completion.

5.2 During the period from the date hereof until Completion, and save as contemplated by this Agreement and/or the Transaction Documents, the Company shall procure that each member of the Group (other than the Disposed Group) shall not, without the prior written consent of the Subscriber:

- (a) create or permit to arise any lien (other than a lien arising by operation of law and in the ordinary course of business), charge, Encumbrance, pledge, mortgage or other third-party right or interest on or in respect of any of its undertaking, property or assets or enter into any contract, commitment or transaction save in the ordinary course of day-to-day operations of the Group (other than the Disposed Group);
- (b) issue or agree to issue any shares, warrants or other securities or loan capital or grant or agree to grant any option over or right to acquire or convert into any share or loan capital of the Company or otherwise take any action which might result in the Subscriber acquiring on Completion a percentage interest in the Company (on a fully diluted basis) lower than that contemplated in this Agreement or the Company reducing its interest in any of its Subsidiaries save for the issue of the Subscription Shares and the Notes under this Agreement and issue of Shares upon exercise of the Options;
- (c) give any guarantee or indemnity for or otherwise secure the liabilities or obligations of any person save and except other members of the Group (other than the Disposed Group) in the ordinary course of day-to-day operations;
- (d) sell, transfer, lease, assign or otherwise dispose of any material part of its undertaking, property or assets (or any interest therein) or contract in excess of HK\$1,000,000 (in aggregate) in value so to do, other than in the ordinary course of day-to-day operations;
- (e) except as provided in this Agreement, incur any further liabilities or indebtedness save for liabilities or indebtedness in the ordinary course of business which aggregate principal amounts and accrued interest (if applicable) shall not exceed HK\$1,000,000 up to the Completion Date;
- (f) declare or make any dividend or similar distribution of any kind on or with respect to any equity securities, or otherwise distribute its shareholders any of its assets or property or reserve;
- (g) release, compromise or write off any material amount recorded in its books of account as owing by any debtors of the Company of an amount exceeding HK\$1,000,000 (in aggregate);

- (h) purchase, take on lease or assume possession of any real property or enter into any long term, abnormal or unusual contract save as Disclosed;
- (i) carry on any business which constitutes a material deviation from the business currently carried on by it;
- (j) enter into any contract or commitment for an amount exceeding in aggregate HK\$1,000,000 save in the ordinary course of day-to-day operations;
- (k) do or omit to do anything whereby the condition of its assets or the financial position of its business might be materially and adversely affected;
- (l) permit or suffer any of its insurances in respect of any of its assets or its business to lapse or do anything which would make any policy of insurance void or voidable;
- (m) increase, reduce, consolidate, sub-divide or cancel its authorised and issued share capital, save the issue of the Subscription Shares and the Notes contemplated under this Agreement and the issue of shares upon exercise of Options;
- (n) change its name or the name under which it carries on business, save as pursuant to Clause 5.8 or otherwise requested by the Subscriber;
- (o) make any composition or arrangement with its creditors;
- (p) pass any resolution which would result in its winding up, liquidation or entering into administration or receivership;
- (q) consolidate or merge with any other business, which is not part of its existing business as at the date hereof;
- (r) grant further options under the Share Option Scheme and/or increase the number of shares available for grant or issuance under the Share Option Scheme, any share option plan or other share incentive plan or arrangement or make any amendment to or terminate any such plan or arrangement;
- (s) make any loan or advance or give any credit (except in the ordinary course of day-to-day operations);
- (t) amend or adjust the employment terms, including compensation packages, each of the employees or officers of each Group Company (other than the Disposed Group) ;
- (u) transfer, license or create any Encumbrance over any of its Intellectual Property rights;
- (v) assign or purport to assign any rights under any contract to which any of its shareholders is a party;
- (w) enter into any material contract with any of its shareholders, save as disclosed in this Agreement;
- (x) save as contemplated under this Agreement, pass any resolution in general meeting other than any resolution in respect of any matters ordinarily dealt with in annual general meetings of the relevant member;
- (y) enter into, purport to enter into or agree to enter into any tenancy or other contracts relating to any properties, save in the ordinary course of day-to-day operations;

- (z) amend, alter or repeal, whether by merger, reclassification or otherwise any provision of its memorandum of association or articles of association or other constitutional documents;
 - (aa) enter into any onerous or unusual contracts or arrangements;
 - (bb) take or permit the taking of any action which may affect the listing status of the Shares;
 - (cc) commence or settle any claim or legal or other proceedings in excess of HK\$1,000,000 (in aggregate);
 - (dd) change its financial year end date; and
 - (ee) enter into any transaction which is required (i) by the GEM Listing Rules and the Takeovers Code to be subject to independent shareholders' approval; or (ii) to be referred to independent non-executive Directors for decision (whether pursuant to any requirements under the GEM Listing Rules or otherwise), save as Disclosed in this Agreement.
- 5.3 The Company undertakes, subject always to compliance with such confidentiality obligations as may be imposed by laws, regulations and/or rules, to keep the Subscriber informed of any investigation or enquiry into the affairs of the Group (other than the Disposed Group) by any regulatory authority, including the status and progress thereof and at the Subscriber's reasonable request, supply any relevant documents in connection therewith.
- 5.4 The Company shall use its reasonable endeavours to assist the Subscriber, and the Subscriber shall use its reasonable endeavours to assist the Company, in all its negotiations and exchanges of correspondence in relation to the transactions referred to herein with the SFC and/or the Stock Exchange and other relevant authorities in Hong Kong.
- 5.5 The Company shall pay any stamp, issue and registration duties and documentary or other taxes, including interest and penalties, payable on or in connection with the creation, issue and offering of the Notes or the execution or delivery of this Agreement.
- 5.6 The Company shall make all necessary arrangements to ensure that the share certificates for the Subscription Shares and the Note Certificate(s) are printed or otherwise produced and issued and delivered to the Subscriber in accordance with the provisions of this Agreement.
- 5.7 Each of the Parties undertakes to one another that it shall use all reasonable endeavours to make timely supply of information to the Company, the Stock Exchange and the SFC of information and documents required pursuant to the GEM Listing Rules, the Takeovers Code and all other applicable rules, codes and regulations whether in connection with the preparation of all circulars, reports, independent advice or otherwise in connection with this Agreement and the transactions herein contemplated including the Transaction Documents. The Company undertakes to provide all such information and documents in its custody to the Stock Exchange and the Executive and to execute all such applications, documents and other things as may be reasonably required by the Stock Exchange, the Executive or any other regulatory authority.
- 5.8 Each of the Parties undertakes to one another that it shall use all its reasonable endeavours to procure the Shareholders to approve the change of name of the Company to HongBridge Holdings Limited (洪橋集團有限公司) and the refreshment of the scheme mandate limit of the Share Option Scheme.

6. CONDITIONS PRECEDENT

6.1 The obligations of the Subscriber under Clauses 2.2 and 2.4 are conditional upon:-

- (a) the passing by the Shareholders (other than those prohibited from voting under the GEM Listing Rules and/or the Takeovers Code, if applicable) of all necessary resolutions by way of poll at the Extraordinary General Meeting approving:
 - (i) this Agreement and the transactions contemplated hereunder including (but not limited to) the allotment and issue of the Subscription Shares and the issue of the Notes and the Conversion Shares upon exercise of the conversion rights attaching to the Notes in accordance with the terms of this Agreement;
 - (ii) the Disposal Agreement and the transactions contemplated thereunder which would constitute a special deal under the Takeovers Code, connected and major transaction under the GEM Listing Rules; and
 - (iii) the Whitewash Waiver;
- (b) the grant by the Executive of his consent pursuant to Note 4 of Rule 25 of the Takeovers Code in relation to the entering into of the Disposal Agreement and the transactions contemplated thereunder;
- (c) the Executive granting the Whitewash Waiver;
- (d) the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares upon the exercise of the conversion rights attaching to the Notes (and such permission and listing not subsequently being revoked prior to the delivery of the share certificates for the Subscription Shares and the Note Certificate);
- (e) the Disposal Agreement having become unconditional in accordance with the terms thereof (other than condition that this Agreement has to become unconditional);
- (f) no indication having been received on or before the Completion Date from the Stock Exchange or the SFC to the effect that the listing of the Shares may be withdrawn or objected to for any reason other than an inadequate percentage of the issued Shares being in public hands following the Completion (the "Excluded Event") and no other event (other than the Excluded Event) having arisen which may adversely affect the listing status of the Company on the Stock Exchange;
- (g) the Warranties remaining true and accurate in all material respects and not misleading in any material respect; and
- (h) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of this Agreement having been obtained by the respective Parties.

6.2 The Subscriber may in its absolute discretion waive the Conditions Precedent referred to in Clauses 6.1(g) and (h) at any time by notice in writing to the Company.

6.3 (a) The Company shall use its best endeavours to procure the fulfilment of the Conditions Precedent referred to in Clause 6.1 (except the Condition referred to in Clauses 6.1(h) to the extent that such consents, approvals and authorisations are required to be obtained by the Subscriber thereof) on or before the Long Stop Date.

- (b) The Subscriber shall use its best endeavours to procure the fulfilment of the Conditions Precedent in Clause 6.1(h) (in so far as such consents, authorisations and approvals are required to be obtained by the Subscriber) and shall provide all necessary assistance to the Company in connection with the fulfilment of the Conditions Precedent referred to in Clauses 6.1(b) and (h).
- 6.4 Subject to Clause 6.5, in the event that not all of the Conditions Precedent are fulfilled, or waived by the Subscriber pursuant to Clause 6.2 (as the case may be) by the Long Stop Date,
- (a) none of the Parties shall be bound to proceed with the subscription and issue of Subscription Shares and the Notes; and
- (b) this Agreement shall be automatically terminated forthwith and cease to be of any effect except this Clause 6.4 and Clauses 1, 6.5, 7.5, 8.2, 9, 10, 12 and 19 which shall remain in force, whereupon the Parties shall have no claim against each other arising out of or in connection with this Agreement and save in respect of claims arising out of any antecedent breach of this Agreement.
- 6.5 Subject to Clause 6.6, in the event that Completion does not take place without any fault on the part of the Company, without prejudice to the Company's right to recover the direct and indirect loss from the Subscriber, the Company shall be entitled to forfeit the Deposit as liquidated damages. Neither this Clause nor the exercise by the Company of any right of forfeiture shall preclude or be deemed to preclude the Company from taking other steps or remedies to enforce the Company's rights hereunder or otherwise or prevent the Company from recovering any damages which it may have suffered and the Subscriber shall also forthwith upon demand made by the Company reimburse the Company with all agency fees, legal costs and other expenses incurred by the Company in connection herewith on a full indemnity basis.
- 6.6 In the event Completion does not take place without any fault on the part of the Company or the Subscriber but by reason of the failure to obtain the necessary consent or approval from the Stock Exchange or the SFC in fulfilment of any of the conditions set out in Clause 6.1 above, the Company shall be entitled to forfeit 50% of the Deposit as liquidated damages.
- 6.7 In the event Completion does not take place for reasons other than those set out in Clauses 6.5 and 6.6, the Deposit shall be refunded to the Subscriber forthwith.
- 6.8 The Subscriber hereby confirms to the Company that:
- (a) (otherwise than as a result of the entering into of this Agreement) neither the Subscriber nor any of its associates are connected persons of the Company; and
- (b) neither the Subscriber nor any parties acting in concert with it have acquired any Shares or any interests therein during the six months immediately prior to 31 July 2007 up to and including the date of this Agreement.

7. COMPLETION

- 7.1 Subject to the continuing fulfilment of the Conditions Precedent or waiver thereof (as the case may be) in accordance with Clause 6.2, Completion shall take place contemporaneously with the Disposal Agreement at the office of the Company's Solicitors at 4:00 p.m. on the Completion Date when all (but not part only) of the events described in Clauses 7.2 and 7.3 shall occur.

- 7.2 On or before Completion, the Company shall procure that a meeting(s) of its board of Directors is duly convened and held in accordance with the articles of association of the Company approving and authorising the execution and completion of this Agreement and the Transaction Documents, the issue of the Subscription Share and the Notes (and the duly sealed certificates therefor) in accordance with this Agreement, the issue of the Conversion Shares upon conversion of the Notes and the performance of the Company's other obligations under this Agreement.
- 7.3 At Completion, the Company shall do all (but not part only unless the Subscriber so agrees) of the following:-
- (a) deliver to the Subscriber a copy of the minutes of the meeting(s) of its board of Directors certified as true and complete copies of the originals by a Director approving and/or ratifying, among other things, the matters set out in Clause 7.2;
 - (b) allot and issue the Subscription Shares on terms that they rank *pari passu* in all respects with the existing issued Shares, including the right to rank in full for all distributions thereafter declared, paid or made by the Company from Completion;
 - (c) deliver to the Subscriber share certificates in respect of the Subscription Shares or deliver to HKSCC for immediate credit to the Stock Accounts (as defined in the General Rules of CCASS) as notified by the Subscriber at least three Business Day before Completion;
 - (d) procure the entry in the Note Register of the name(s) of the Subscriber and/or such nominees as referred to in Clause 2.3 directed by the Subscriber as the holder(s) of the Notes, and deliver to or to the order of the Subscriber the Note Certificate(s) (in such denominations as shall have been notified by the Subscriber to the Company at least three Business Days prior to Completion) duly sealed by the Company representing the full amount of the Notes and substantially in the form set out in the Notes;
 - (e) cause the due and proper appointment (with effect from Completion) of such person(s) as director(s) of the Company and its subsidiaries (excluding the Disposed Group) as may have been notified by the Subscriber to the Company prior to Completion, the resignation of all existing Directors, subject always to the provisions of the Takeovers Code and other applicable laws, rules and regulations;
 - (f) (subject to sub-clause (e) above) deliver to the Subscriber certified copies of the letters of resignation of the existing directors of the Group (excluding the Disposed Group) as may be required by the Subscriber, executed under seal confirming no claim against the Company and its subsidiaries;
 - (g) deliver to the Subscriber the Completion Account duly signed by a Director;
 - (h) deliver to the Subscriber a certified true copy of the approval (whether conditional or otherwise) from the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares upon the exercise of the conversion rights attaching to the Notes.
- 7.4 Subject to the due performance by the Company of its obligations under Clauses 7.2 and 7.3 at Completion, the Subscriber shall pay or cause to be paid to the Company at Completion make or procure the making of payments to the Company or as it may direct in cleared funds in Hong Kong dollars of the Subscription Price and the aggregate amount of the Note Selling Price (less the Deposit paid under Clause 2.5) and such payment shall be made for value on the

Completion Date to such bank account held with a bank in Hong Kong as may be notified by the Company to the Subscriber at least three Business Day before Completion. The Deposit shall be applied pro tanto as satisfaction towards the payment obligation of the Subscriber in relation to the aggregate Subscription Price and the Note Selling Price.

7.5 Without prejudice to any other remedies available to the non-defaulting Party, if in any respect the provisions of Clauses 7.2, 7.3 and 7.4 are not complied with by the relevant Party at Completion, the non-defaulting Party may:

- (a) defer Completion to a date not more than 28 days after the Completion Date (and so that the provisions of this Clause 7 shall apply to Completion as so deferred); or
- (b) proceed to Completion so far as practicable (without prejudice to the non-defaulting Party's rights hereunder); or
- (c) rescind its obligations under this Agreement whereupon this Agreement shall cease to be of any effect (save in respect of this Clause 7.5 and Clauses 1, 6.5, 8.2, 9, 10, 12 and 19 which shall remain in full force and effect) and none of the Parties shall have any claim against the other for any costs, damages, compensation or otherwise.

7.6 (a) As soon as possible on or after the date of this Agreement, the Company and the Subscriber shall jointly release the Announcement.

(b) The Company hereby undertakes to use its reasonable endeavours to procure that, as soon as reasonably practicable, a circular in relation to the Subscription and the Disposal be despatched to the Shareholders within the time limit required under the GEM Listing Rules, the Takeover Codes or such time limit as extended by the Stock Exchange and/or the SFC.

(c) The Parties hereby undertake that they shall each use all reasonable endeavours to supply such information as may be reasonably necessary to be included in the documents to be despatched or the announcements to be issued pursuant to the Takeovers Code and the GEM Listing Rules in connection with the transactions contemplated under the Transaction Documents, take respective responsibility for such information and authorise the publication, despatch and/or release of such documents and announcements.

8. EXPENSES AND PAYMENTS

8.1 The Company agrees to pay at Completion all costs and expenses incurred or to be incurred in connection with the issue and delivery of the Subscription Shares and the Notes and the Conversion Shares upon the exercise of the conversion rights attaching to the Notes and to bear all costs and expenses incurred or to be incurred in connection with the listing of the Subscription Shares and the Conversion Shares on the Stock Exchange (including the application therefor).

8.2 Each Party shall bear the costs and expenses of its own legal and other professional advisers incurred in connection with, where applicable, the issue of the Subscription Shares, the Notes and the Conversion Shares upon the exercise of the conversion rights attaching to the Notes, the negotiations in respect of this Agreement and related matters.

9. CONFIDENTIALITY

9.1 Subject to Clause 9.2 and to Clause 10, each Party:

- (a) shall treat as strictly confidential all information relating to, obtained or received by it as a result of negotiating, entering into or performing its obligations under this Agreement, including all information and documents obtained in connection with any due diligence undertaken in connection with this Agreement which relates to the negotiation of, or the provisions or subject matter of, this Agreement or to the other party (“**Information**”); and
- (b) shall not, except with the prior written consent of the other party publish or otherwise disclose to any person any Information.

9.2 Clause 9.1 shall not apply if and to the extent that a party hereto disclosing Information can demonstrate that:

- (a) such disclosure is required by law or by any securities exchange or regulatory or governmental body having jurisdiction over it (including but not limited to the Stock Exchange and the SFC) and whether or not the requirement has the force of law, provided that any such disclosure shall be made only after consultation by the Party required to make such disclosure with the other Party; or
- (b) the Information concerned was lawfully in its possession (as evidenced by written records) prior to its being obtained or received as described in Clause 9.1(a); or
- (c) the Information concerned has come into the public domain other than through its fault.

10. ANNOUNCEMENTS

10.1 Subject to Clause 10.2, none of the Parties shall make any announcement concerning the provisions or subject matter of this Agreement or containing any information about the other Party without the prior written approval of the other Party.

10.2 Clause 10.1 shall not apply if and to the extent that such announcement is required by law or by any securities exchange or regulatory or governmental body having jurisdiction over it and whether or not the requirement has the force of law, provided that any such announcement shall be made only after the provision by the party which is required to make such announcement of drafts of such announcement to and consultation with the other party.

11. SURVIVAL OF REPRESENTATIONS AND OBLIGATIONS

Subject to Clause 4.9, the representations, warranties, agreements, undertakings and indemnities in this Agreement, other than any Warranty fully performed at Completion, shall continue in full force and effect, despite Completion having been taken place or any investigation made by the Subscriber. The Subscriber confirms on behalf of itself and its associates that in entering into this Agreement, it has not relied on any representation or warranty, assurance, covenant, indemnity, undertaking or commitment which is not expressly set out in this Agreement.

12. COMMUNICATIONS

12.1 Any notice (which term shall in this Clause include any other communication) required to be given under this Agreement or in connection with the matters contemplated by it shall, except where otherwise specifically provided, be in writing in the English language.

12.2 Any such notice shall be addressed as provided in Clause 12.3 and may be:

- (a) personally delivered, in which case it shall be deemed to have been given upon delivery at the relevant address(es); or
- (b) if within Hong Kong, sent by pre-paid post, in which case it shall be deemed to have been given two Business Days after the date of posting; or
- (c) if from or to any place outside Hong Kong, sent by pre-paid priority airmail, in which case it shall be deemed to have been given seven Business Days after the date of posting; or
- (d) sent by facsimile, in which case it shall be deemed to have been given when despatched, subject to confirmation of uninterrupted transmission by a transmission report, provided that any notice despatched by facsimile after 17.00 hours on any day (local time for the recipient) or otherwise than on a Business Day shall be deemed to have been received at 08.00 hours on the next Business Day.

12.3 The addresses and other details of the Parties referred to in Clause 12.2 are, subject to Clause 12.4, as follows:-

To the Company: Jessica Publications Limited

Address: 28/F., Bank of China Tower, 1 Garden Road,
Central, Hong Kong
Tel: (852) 2820 6336
Facsimile No.: (852) 2810 8613
Attention: Ms. Cheung Choi Ngor

To the Subscriber: Hong Bridge Capital Limited

Address: Suite 2703-4, 27/F., Great Eagle Centre, 23
Harbour Road, Wanchai, Hong Kong
Tel: (852) 2827 8266
Facsimile No.: (852) 2827 8233
Attention: Mr. He Xuechu

12.4 Any Party may notify the other Party of any change to the address or any of the other details specified in Clause 12.3, provided that such notification shall only be effective in accordance with Clause 13.2.

13. ASSIGNMENT

No Party to this Agreement may assign or transfer, or purport to assign or transfer, any of its rights or obligations under this Agreement without the prior written consent of the other Party.

14. ENTIRE AGREEMENT

This Agreement, together with any documents referred to in it, constitutes the whole agreement between the Parties relating to the issue of the Subscription Shares and the Notes and supersedes and extinguishes any other prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to the issue of the Subscription Shares and the Notes.

15. COUNTERPARTS

This Agreement may be executed in any number of counterparts, which shall together constitute one Agreement. Any Party may enter into this Agreement by signing any such counterpart.

16. TIME OF THE ESSENCE

Any time, date or period mentioned in this Agreement may be extended by written agreement between the parties or otherwise as provided herein, but otherwise and except as expressly provided, as regards any time, date or period originally fixed or any time, date or period so extended as aforesaid, time shall be of the essence.

17. RELATIONSHIP OF THE PARTIES

Nothing in this Agreement shall constitute, or be deemed to constitute, a partnership between the Parties nor, except as expressly provided, shall it constitute, or be deemed to constitute, any Party the agent of any other Party for any purpose.

18. MISCELLANEOUS

- 18.1 No variation of this Agreement shall be effective unless made in writing and executed by the Parties.
- 18.2 The rights, powers and remedies provided in this Agreement are cumulative and are not exclusive of any rights, powers or remedies provided by law or otherwise.
- 18.3 No failure to exercise nor any delay in exercising by any Party any right, power, privilege or remedy under this Agreement shall impair or operate as a waiver thereof. No single or partial exercise of any right, power, privilege or remedy under this Agreement shall prevent any further or other exercise thereof or the exercise of any other right or remedy.
- 18.4 If any provision of this Agreement shall be held to be illegal, void, invalid or unenforceable under the laws of any jurisdiction affecting any of the Parties or their properties or assets, the legality, validity and enforceability of the remainder of this Agreement in that jurisdiction shall not be affected, and the legality, validity and enforceability of the whole of this Agreement shall not be affected in any other jurisdiction.
- 18.5 Each Party shall do or procure to be done all such further acts and things, and execute or procure the execution of all such other documents, as the other Parties may from time to time reasonably require, whether on or after Completion, for the purpose of giving to the other Parties the full benefit of all of the provisions of this Agreement.
- 18.6 Notwithstanding any of the provisions contained in this Agreement, if the Company or the Subscriber shall (for any cause other than the default of the other of them and save as herein provided) fail to complete the issue of, or the subscription of (as the case may be), the Subscription Shares and the Notes in accordance with the terms of this Agreement, that Party not in default may take Proceedings to enforce specific performance of this Agreement or rescind this Agreement. This Clause 18.6 shall not preclude or be deemed to preclude that Party from taking other steps or remedies to enforce its rights under this Agreement or otherwise and recovering, in addition to liquidated damages, damages representing interest paid or lost by them by reason of that other Party's failure. That Party shall not exercise such rights unless it shall have given to that other Party a notice in writing requiring that other Party to remedy the same within fourteen (14) days from the date of receipt of such notice and that other Party has failed to comply with such notice.

19. GOVERNING LAW AND JURISDICTION

- 19.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Hong Kong.
- 19.2 In relation to any Proceedings, the Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong and waive any objection to Proceedings in such courts on the grounds of venue or on the grounds that Proceedings have been brought in an inappropriate forum. The taking of Proceedings in one or more jurisdictions shall not preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- 19.3 Each of the Parties whose name appears in column (1) of Schedule 5 (being those Parties incorporated or resident outside Hong Kong) hereby irrevocably appoints the agent whose name and address are set out against its name in column (2) of Schedule 5 as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of any Proceedings in Hong Kong arising out of this Agreement. If for any reason the agent appointed above (or its successor) no longer serves as agent of the relevant Party for this purpose, such Party shall promptly appoint a successor agent and notify the other Parties hereto, provided that until a successor has been appointed and notified to the other Parties, service on the outgoing agent shall continue to be effective for the purposes of this Clause 19.3. Each Party set out in column (1) of Schedule 5 agrees that any such legal process shall be sufficiently served on it if delivered to its agent appointed for service as aforesaid at its address set out against its name in column (2) of Schedule 5 or at its address for the time being in Hong Kong whether or not such agent gives notice thereof to such Party.

AS WITNESS the hands of the duly authorised representatives of the Parties as of the date first before written.

SCHEDULE 1

PART I: PARTICULARS OF THE COMPANY - JESSICA PUBLICATIONS LIMITED

THE COMPANY

Company Number: CR-111310

Stock Code: 8137

Address of registered office: Offshore Incorporations (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands

Principal place of business: Unit C, 3rd Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong

Date and place of incorporation: 29 June 2001, Cayman Islands

Authorised share capital: HK\$1,000,000,000 divided into 1,000,000,000,000 shares of HK\$0.001 each

Issued share capital: HK\$508,879.716 divided into 508,879,716 shares of HK\$0.001 each

Directors:

Executive Directors
Mr. Ng Hung Sang
Mr. Ng Yuk Fung, Peter

Non-Executive Director
Ms. Ng Yuk Mui, Jessica

Independent Non-Executive Directors
Mr. So Siu Ming, George
Ms. Poon Oi Lan, Scarlett
Mr. Cheng Yuk Wo

Secretary: Mr. Pang Woon Chang

Financial year end: 31 December

Auditors: Messrs. Grant Thornton

Registrar and Transfer Office: Union Registrars Limited
Room 1803, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai
Hong Kong

PART II: PARTICULARS OF THE SUBSIDIARIES

(other than the Disposed Group)

Name	Place of incorporation	Nominal value of issued ordinary share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Great Ready Assets Limited	British Virgin Islands	US\$2 divided into 2 shares of US\$1 each	100	-	Investment holding
Beforward Trading Limited	British Virgin Islands	US\$2 divided into 2 shares of US\$1 each	-	100	Investment holding
Superb Taste Company Limited	Hong Kong	HK\$2 divided into 2 shares of HK\$1 each	-	100	Publication of "LISA" magazine and owner of "LISA" trademark
Jessica Management Limited	Hong Kong	HK\$2 divided into 2 shares of HK\$1 each	-	100	Provision of administrative services (payroll; tenancy at Unit C, 3 rd Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong)
Jessicacode Limited	Hong Kong	HK\$2 divided into 2 shares of HK\$1 each	-	100	Publication of "JESSICACODE" magazine and owner of "JESSICACODE" trademark
Clear Success Limited	British Virgin Islands	US\$1 divided into 1 share of US\$1 each	-	100	Dormant

PART III: PARTICULARS OF THE DISPOSED GROUP

Name	Place of incorporation	Nominal value of issued ordinary share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Jessica Publications (BVI) Limited	British Virgin Islands	US\$2 divided into 2 shares of US\$1 each	-	100	Investment holding
Jessica (BVI) Limited	British Virgin Islands	US\$2 divided into 2 shares of US\$1 each	-	100	Investment holding
Jessica Beaute Limited	Hong Kong	HK\$2 divided into 2 shares of HK\$1 each	-	100	Investment
Jessica Limited	Hong Kong	HK\$2 divided into 2 shares of HK\$1 each	-	100	Publication of "JESSICA" magazine and owner of "JESSICA" trademark
Grandpress Limited	Hong Kong	HK\$2 divided into 2 shares of HK\$1 each	-	100	Investment holding
上海南華勃洋商務諮詢有限公司 (Shanghai South China & Boyang Business Consultation Co., Ltd.)	PRC	Registered capital of HK\$5,200,000	-	55	Dormant
JPR Limited (note)	Hong Kong	HK\$2 divided into 2 shares of HK\$1 each	-	100	Dormant
Full Bond Enterprises Limited (note)	Hong Kong	HK\$1 divided into 1 share of HK\$1	-	100	investment holding
Cathy Success Limited	British Virgin Islands	US\$1 divided into 1 share of US\$1	-	100	Publication of "JESSICA" PRC version magazine

Note: held by nominee and trust arrangement

SCHEDULE 2

NOTE CERTIFICATE

Certificate No. [*]

JESSICA PUBLICATIONS LIMITED
(incorporated in the Cayman Islands with limited liability)

HK\$14,700,000 Zero Coupon Convertible Note due [*]

The note in respect of which this Certificate (“**this Note**”) is issued, the identifying number of which is noted above, is in registered form and forms part of a series of convertible notes in the aggregate principal amount of HK\$14,700,000 (the “**Notes**”) of **JESSICA PUBLICATIONS LIMITED** (the “**Company**”) issued pursuant to the memorandum and articles of association of the Company, a resolution of its board of directors passed on [*] 2007 and a resolution of the shareholders of the Company passed on [*] 2007. The Notes are subject to, and have the benefit of, the terms and conditions (the “**Conditions**”) set out therein.

The Company hereby certifies that _____ of [_____] (the “**Noteholder**”) is, at the date hereof, entered in the register of Noteholders as the holder of this Note in the principal amount of HK\$490,000 (Four Hundred and Ninety Thousand Hong Kong dollars). For value received, the Company promises to pay the person who appears at the relevant time on the register of Noteholders as holder of this Note in respect of which this Certificate is issued such amount or amounts as shall become due in respect of this Note and otherwise to comply with the Conditions. The Noteholder is entitled to require the Company to convert the whole or any part(s) of the principal amount outstanding under this Note into ordinary shares in the capital of the Company subject to and in accordance with the Conditions which shall form an integral part of this Certificate.

This Certificate is evidence of entitlement only. Title to the Notes passes only on due registration on the register of Noteholders and only the duly registered holder is entitled to payments on the Notes in respect of which this Certificate is issued.

This Certificate is governed by, and shall be construed in accordance with, the laws of Hong Kong.

GIVEN under the Seal of **JESSICA PUBLICATIONS LIMITED** on [*] 2007.

Director

Secretary/Director

Notes:-

The Notes cannot be transferred to bearer on delivery and is transferable only to the extent permitted by Condition 2 of the Conditions. The Notes must be delivered to the board of directors or secretary of Jessica Publications Limited for cancellation and reissue of an appropriate certificate in the event of any such transfer.

(For endorsement in the event of partial conversion or repayment)

Date	Amount Converted	Amount Repaid	Amount Outstanding
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