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**JESSICA**  
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**HONG BRIDGE CAPITAL LIMITED**

*(incorporated in the British Virgin Islands with limited liability)*

**JESSICA PUBLICATIONS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8137)

- 1) SUBSCRIPTION OF SHARES AND ZERO COUPON CONVERTIBLE NOTES;**
- 2) MAJOR AND CONNECTED TRANSACTION –**
- DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF JESSICA BVI;**
- 3) APPLICATION FOR WHITEWASH WAIVER;**
- 4) PROPOSED CHANGE OF COMPANY NAME;**
- 5) REFRESHMENT OF SCHEME MANDATE LIMIT OF**
- THE SHARE OPTION SCHEME; AND**
- 6) RESUMPTION OF TRADING**

**Financial adviser to  
Hong Bridge Capital Limited**

**Joint Financial Advisers to  
Jessica Publications Limited**



**CIMB-GK Securities (HK) Limited**

**COMMERZBANK** 

**Commerzbank AG  
Hong Kong Branch**



**SOMERLEY LIMITED**

## **THE SUBSCRIPTION AGREEMENT**

On 16 August 2007, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe in cash for (i) 2,900 million Subscription Shares at the Subscription Price of HK\$0.007 per Subscription Share; and (ii) the Convertible Notes in the principal amount of HK\$14.7 million with an initial Conversion Price of HK\$0.007 per Conversion Share. Immediately after Completion, the Subscriber's equity interest in the Company will increase from 0% (i) to approximately 85.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares but before the exercise of any conversion rights attaching to the Convertible Notes; and (ii) further to approximately 90.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares upon the exercise in full of the conversion rights attaching to the Convertible Notes. The Subscription Agreement and the Disposal Agreement are inter-conditional upon each other.

## **THE DISPOSAL**

On 16 August 2007, Great Ready Assets, being a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which, Great Ready Assets has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Jessica BVI Sale Shares at a consideration of HK\$1 million, payable in cash. Jessica BVI is an investment holding company which, through its subsidiaries, is principally engaged in the publication of two magazines, namely “*旭茉JESSICA*” and “*JESSICA China*”. As at 30 June 2007, the unaudited combined deficiency in net assets of the Jessica BVI Group amounted to approximately HK\$3.9 million. For each of the years ended 31 December 2005 and 2006, the Jessica BVI Group recorded an unaudited combined net loss of approximately HK\$0.1 million and approximately HK\$16.1 million, respectively. Based on the unaudited combined deficiency in net assets of the Jessica BVI Group attributable to the Group as at 30 June 2007, it is preliminarily estimated that the Disposal will result in a net gain of approximately HK\$4.9 million to the Group. Upon completion of the Disposal, Jessica BVI will cease to be a subsidiary of the Company.

## **CONTINUATION OF THE LISTING OF THE COMPANY ON GEM**

### **Sufficiency of Public Float**

The Subscriber intends to maintain the listing status of the Shares on the Stock Exchange and the 25% minimum public float requirement upon Completion. It is proposed that on the date of Completion, the Subscriber will enter into a placing agreement with an independent placing agent to place out sufficient Subscription Shares to independent placees, such that the Company will continue to maintain the 25% minimum public float requirement upon and following Completion.

Completion of the said placing agreement will be subject to the granting of approval for the listing of, and the permission to deal in, the Subscription Shares by the GEM Listing Committee.

### **Substantially high level of cash balance**

Upon completion of the Subscription and the Disposal, the Group’s principal assets will mainly comprise those of the Remaining Publishing Companies, which recorded an unaudited combined total assets, net liability and cash and bank balance of approximately HK\$7.3 million, HK\$0.7 million and HK\$2.77 million, respectively, as at 30 June 2007, and an aggregate cash inflow of approximately HK\$36 million, resulting in the Group having a high cash level. The Directors are of the view that high cash level will be of temporary nature and the Group’s high cash level position immediately following the completion of the Subscription and the Disposal will be translated into future contribution to the Group’s magazine publication business and participation in the new investment opportunities identified by the Company.

The Directors and the Subscriber have confirmed that they will take appropriate actions to ensure full compliance with the relevant GEM Listing Rules, including, but not limited to Rule 11.06 and Chapter 9 of the GEM Listing Rules. In the event that the Group’s assets comprise wholly or substantially all of cash, the Stock Exchange may suspend dealings in the Shares.

## **IMPLICATIONS OF THE GEM LISTING RULES AND THE TAKEOVERS CODE**

### **Major and connected transaction**

Since the Purchaser is wholly-owned by Mr. Ng (a Director and the controlling Shareholder), the Purchaser is a connected person of the Company under the GEM Listing Rules. Accordingly, the execution of the Disposal Agreement will constitute a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios (as defined under the GEM Listing Rules) are greater than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules. The Disposal is subject to the approval of the Independent Shareholders voting by way of a poll at the EGM.

### **Special deal**

The Disposal Agreement is a special deal for the purposes of Rule 25 of the Takeovers Code, and therefore requires the consent of the Executive, which if granted will be subject to the public statement of an independent financial adviser to be appointed by the Company that the terms of the Disposal Agreement are fair and reasonable and approval of the Independent Shareholders' voted by way of poll at the EGM. Since the Purchaser is beneficially wholly-owned by Mr. Ng, Mr. Ng, together with his associates and parties acting in concert with him will abstain from voting on any resolution relating to the Disposal Agreement.

### **Application for Whitewash Waiver**

The shareholding of the Subscriber in the Company will, upon Completion, increase from 0% (i) to approximately 85.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares but before the exercise of any conversion rights attaching to the Convertible Notes; and (ii) further to approximately 90.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares upon the exercise in full of the conversion rights attaching to the Convertible Notes. Unless the Whitewash Waiver is granted by the Executive, an obligation to make a mandatory offer for all issued Shares and other outstanding securities of the Company other than those already owned or agreed to be subscribed by the Subscriber and parties acting in concert with it and for the cancellation of all outstanding share options granted by the Company will arise under Rule 26 of the Takeovers Code as a result of the Subscription and conversion of the Convertible Notes.

An application has been made by the Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code which, if granted, will be subject to the approval by the Independent Shareholders voting by way of poll at the EGM. Mr. Ng, together with his associates and parties acting in concert with him will abstain from voting on the resolution to approve the Whitewash Waiver.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 2.8 of the Takeovers Code, an independent board committee should comprise all non-executive Directors, namely Ms. Ng Yuk Mui, Mr. So Siu Ming, George, Ms. Pong Oi Lan, Scarlett and Mr. Cheng Yuk Wo. Given the fact that Ms. Ng Yuk Mui is the daughter of Mr. Ng, the controlling Shareholder who is considered being interested in the Subscription and the Disposal, the Board has considered it not appropriate to appoint Ms. Ng Yuk Mui to the independent board committee. Accordingly, an independent board committee comprising all independent non-executive Directors, namely Mr. So Siu Ming, George, Ms. Pong Oi Lan, Scarlett and Mr. Cheng Yuk Wo, has been established to consider and to advise the Independent Shareholders as to whether the terms of the Subscription Agreement, the Disposal Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and that the aforesaid agreements (including the transactions contemplated thereunder) are in the interests of the Company and the Shareholders as a whole.

An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

## **CHANGE OF COMPANY NAME**

The Board also proposes that, subject to Completion, the name of the Company will be changed from “Jessica Publications Limited” to “Honbridge Holdings Limited 洪橋集團有限公司” to reflect more appropriately the identity of the Subscriber, being “Hong Bridge Capital Limited”, as the new controlling Shareholder upon Completion.

The proposed change of the Company’s name is subject to, among other things, (i) the Completion; and (ii) the passing of a special resolution by the Shareholders at the EGM approving the change of name by way of show of hands (unless a poll is validly demanded). Subject to the approval of the Shareholders, the Company will carry out necessary filing procedures and actions with the Registrars of Companies in the Cayman Islands and in Hong Kong.

## **REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME**

The Board also proposes to seek the approval of the Shareholders to refresh the 10% scheme mandate limit of the Share Option Scheme. Under the existing scheme mandate limit of the Share Option Scheme, the Directors are authorised to grant options to subscribe up to 50,488,147 Shares, representing 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. As at the date of this announcement, options to subscribe for a total of 4,773,440 Shares have been granted and remain outstanding under the Share Option Scheme.

In order to provide the Company with greater flexibility in granting share options to eligible persons under the Share Option Scheme as incentive or reward for their contribution to the Group, the Board decides to seek the approval from the Shareholders at the EGM to refresh the scheme mandate limit of the Share Option Scheme.

Based on the 508,879,716 Shares in issue as at the date of this announcement and assuming no further Shares are repurchased or issued prior to the EGM, upon the approval of the refreshment of the scheme mandate limit of the Share Option Scheme, the Directors will be authorised to grant further options to subscribe for a total of 50,887,971 Shares, representing 10% of such total number of shares in issue.

## **EGM**

The EGM will be convened and held at which resolutions will be proposed to seek (A) the Independent Shareholders' approval voting by way of poll for (i) the Subscription (including the issue of the Subscription Shares, the Convertible Notes and the Conversion Shares); (ii) the Disposal; and (iii) the Whitewash Waiver; and (B) the Shareholders' approval by way of show of hands (unless a poll is validly demanded) in relation to (i) the change of name of the Company; and (ii) the refreshment of the scheme mandate limit of the Share Option Scheme.

## **GENERAL**

A circular containing, among other things, further details of (i) the Subscription Agreement; (ii) the Whitewash Waiver; (iii) the principal terms of the Convertible Notes; (iv) the Disposal Agreement; (v) the change of name of the Company; and (vi) the refreshment of the scheme mandate limit of the Share Option Scheme, together with (vii) the letter from the independent board committee of the Company; (viii) the letter of advice from the independent financial adviser; (ix) a notice convening the EGM; and (x) information complying with other disclosure requirements under the GEM Listing Rules and the Takeovers Code, will be despatched to the Shareholders as soon as practicable pursuant to the GEM Listing Rules and the Takeovers Code.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 17 August 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 21 August 2007.

## **THE SUBSCRIPTION AGREEMENT**

On 16 August 2007, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe in cash for (i) 2,900 million Subscription Shares at a Subscription Price of HK\$0.007 per Subscription Share; and (ii) the Convertible Notes in the principal amount of HK\$14.7 million with an initial Conversion Price of HK\$0.007 per Conversion Share at an aggregate consideration of HK\$35,000,000. The Company intends to use the net proceeds to finance the operation of the Remaining Publishing Companies and for general working capital purpose.

## **Date of the Subscription Agreement**

16 August 2007

## **Parties to the Subscription Agreement**

Issuer : the Company

Subscriber : Hong Bridge Capital, a company incorporated in the BVI with limited liability which is beneficially wholly owned by Mr. He. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hong Bridge Capital and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

As at the date of this announcement, the Subscriber, together with any parties acting in concert with it, did not own any Shares and, save for entering into the Subscription Agreement, had not dealt in the Shares during the six months immediately prior to 31 July 2007 up to and including the date of this announcement.

## **Deposit**

Upon signing the Subscription Agreement, the Subscriber paid the interest-free deposit of HK\$2 million to the Company. In the event that 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 fulfillment of any of the conditions set out in the section "Conditions precedent to Completion" below, the Company shall be entitled to forfeit 50% of the Deposit as liquidated damages. In the event Completion does not take place other than for the aforesaid reasons, the Deposit shall be refunded to the subscriber. 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 will be entitled to forfeit the entire amount of the Deposit as liquidated damages.

## **Conditions precedent to Completion**

Completion of the Subscription Agreement and the Disposal Agreement are inter-conditional. Completion is subject to the following conditions precedent:

- (i) the approval by the Independent Shareholders voting by way of poll at the EGM of:
  - (a) the transactions contemplated under the Subscription Agreement, including (but not limited to) the allotment and issue of the Subscription Shares, the issue of the Convertible Notes and the issue of the Conversion Shares;
  - (b) the transactions contemplated under the Disposal Agreement;
  - (c) the Whitewash Waiver;

- (ii) the Executive granting consent pursuant to Rule 25 of the Takeovers Code in relation to the Disposal;
- (iii) the Executive granting the Whitewash Waiver;
- (iv) the GEM Listing Committee granting the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares;
- (v) the Disposal Agreement having become unconditional (other than the condition that the Subscription Agreement has to become unconditional);
- (vi) no indication having been received on or before Completion 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 held in public hands and no other events having arisen which may adversely affect the listing status of the Company on the Stock Exchange;
- (vii) the warranties given or made by the Company under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respects; and
- (viii) 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 the Subscription Agreement having been obtained by the respective parties to the Subscription Agreement.

The Subscriber has the right to waive conditions numbered (vii) and (viii) above at any time by notice in writing to the Company. Neither party to the Subscription Agreement shall have the right to waive any of the other conditions set out above. In the event that the conditions set out above are not fulfilled or waived by the Subscriber (as the case may be) on or before 30 November 2007 (or such other date as the Company and Subscriber may agree in writing), none of the parties to the Subscription Agreement shall be bound to proceed with the Subscription, and the Subscription Agreement shall be automatically terminated and ceased, and neither party to the Subscription Agreement shall have any claim under the Subscription Agreement against the other save in respect of any antecedent breaches of the Subscription Agreement.

## **Completion**

Completion shall take place at the same time as completion of the Disposal Agreement. Completion shall take place on the Completion Date, being on or before the second business day after all of the above conditions have been fulfilled or waived (as the case may be) or such other date as may be agreed in writing between the parties to the Subscription Agreement.

## **Changes in composition of the Board**

As at the date of this announcement, the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. All of the existing Directors will resign with effect upon Completion or the earliest time permitted under the Takeovers Code, whichever is the later. The Subscriber intends to nominate three Directors to the Board upon Completion.

## The Subscription Shares

As at the date of this announcement, there are 508,879,716 Shares in issue, and the 2,900 million Subscription Shares represent:

- (i) approximately 569.9% of the issued share capital of the Company as at the date of this announcement;
- (ii) approximately 85.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares but before the exercise of any conversion rights attaching to the Convertible Notes; and
- (iii) approximately 52.6% of the issued share capital of the Company as enlarged by the Subscription Shares and the Conversion Shares as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares upon the exercise in full of the conversion rights attaching to the Convertible Notes.

The Subscription Shares shall rank pari passu with the Shares then in issue.

The Subscription Price of HK\$0.007 represents:

- (i) a discount of approximately 99.0% to the closing price of HK\$0.74 per Share as quoted on GEM on the Last Trading Day;
- (ii) a discount of approximately 99.1% to the average closing price of HK\$0.81 per Share as quoted on GEM for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 99.2% to the average closing price of HK\$0.857 per Share as quoted on GEM for the last 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$0.016 over the consolidated deficiency in net assets of the Company per Share of HK\$0.009 as at 30 June 2007 (based on the total number of issued Shares of 508,879,716 as at the date of this announcement).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and took into account a number of factors including the Group's current financial position, particularly its deficiency in unaudited consolidated net assets of approximately HK\$4.6 million as at 30 June 2007, the competitive business environment in which the Group is currently operating, and the fact that the Group has incurred losses in four out of the last five financial years (the Group recorded a net profit of about HK\$3.4 million for the financial year ended 31 December 2005). Having considered the above, the Directors (excluding the independent non-executive Directors who will opine on the Subscription after having considered the advice of the independent financial adviser) do not consider the market price of the Shares, which closed at HK\$0.74 per Share on 16 August 2007 (being the Last Trading Day) equating to a market capitalisation of about HK\$376.6 million, to be a realistic indicator of the value of the Shares.

The Directors (excluding the independent non-executive Directors who will opine on the Subscription after having considered the advice of the independent financial adviser) believe that in the circumstances, the Subscription Price and the Conversion Price under the Subscription Agreement were the best they could have negotiated and the terms of the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon Completion, the total consideration for the Subscription Shares of HK\$20.3 million will be paid by the Subscriber to the Company in cash.

The Company will closely monitor the trading prices of the Shares after Completion and will consider a share consolidation should the Share price approach the extremity of HK\$0.01 as required under Rule 17.76 of the GEM Listing Rules.

### **The Convertible Notes**

Pursuant to the Subscription Agreement, the Subscriber will also subscribe for the Convertible Notes in the principal amount of HK\$14.7 million. Set out below are the principal terms of the Convertible Notes:

Principal amount	:	HK\$14.7 million
Issue date	:	The Completion Date (i.e. on or before the second business day after all the conditions precedent set out in the Subscription Agreement have been satisfied or waived (as the case may be), or such other date as may be agreed by the Company and the Subscriber in writing)
Maturity date	:	24 months after the date of issue of the Convertible Notes
Coupon rate	:	Zero coupon
Transferability	:	Subject to the conditions, approval requirements and any other provisions of or under (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; (ii) the approval for listing in respect of the Conversion Shares and (iii) all applicable laws and regulations, the Convertible Notes may be transferred.  Should the Convertible Notes, whether in whole or in part be transferred to any connected persons of the Company, the Company will immediately notify the Stock Exchange.
Listing of the Convertible Notes	:	The Convertible Notes will not be listed on the Stock Exchange or any other stock exchanges.
Conversion Price	:	HK\$0.007 per Conversion Share (which is the same as the Subscription Price), subject to adjustment.

Conversion : Holders of the Convertible Notes will have the right to convert the Convertible Notes in whole or in part, in an amount or integral amount of HK\$490,000 into Shares at any time commencing from the issue of the Convertible Notes to the date falling 5 business days prior to the maturity date of the Convertible Notes, at the Conversion Price of HK\$0.007 per Conversion Share, subject to adjustment.

Holders of the Convertible Notes may exercise their conversion rights to the extent that the public float of the Company will not be less than 25% of the issued share capital of the Company immediately after conversion.

Adjustment to the Conversion Price : The Conversion Price is subject to adjustment for re-classification, subdivision, or consolidation of Shares, issue of any Shares credited as fully paid by way of capitalisation of profits or reserves, distribution to Shareholders (both capital and cash), rights issues, issue of new Shares or options of the Company and the declaration of dividend in Shares, and in any case, the Conversion Price will not be capable of being adjusted to a price below the nominal value of the Shares, and in such case, an adjustment shall be made to the effect that the Conversion Price be reduced to the nominal value of the Shares, being HK\$0.001 per Share as at the date of this announcement.

Redemption : Upon maturity, unless previously converted in accordance with the terms of the Convertible Notes, the Company shall redeem all outstanding Convertible Notes at their principal amount.

Voting : The Convertible Notes do not confer any voting rights on the holders thereof at any Shareholders' meetings of the Company.

Subject to Completion, the Company will make a monthly announcement (the "Monthly Announcement") on the website of the Stock Exchange for so long as any Convertible Notes are outstanding. Such Monthly Announcement will be made on or before the fifth business day following the end of each calendar month and will include the following information in table form:

- (i) whether there has been any conversion of the Convertible Notes during the relevant month. If yes, the relevant Monthly Announcement will set out details of the conversion(s), including the conversion date, number of new Shares issued and the conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect will be made;
- (ii) the outstanding principal amount of the Convertible Notes after the conversion, if any;
- (iii) the total number of Shares issued pursuant to other transactions during the relevant month, including Shares issued pursuant to the exercise of options under any share option scheme(s) of the Company; and
- (iv) the total issued share capital of the Company as at the commencement of the relevant month and as at the last day of the relevant month.

In addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Notes reaches 5% of the issued share capital of the Company as stated in the immediately preceding Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will as soon as practicable, but in any event no later than the fifth business day thereafter, issue an announcement on the website of the Stock Exchange which will set out the information stated in (i) to (iv) above for the period commencing from the date of the immediately preceding Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) up to the date of the conversion triggering such announcement.

Further, if the Company forms the view that the issue of any Shares pursuant to a conversion of the Convertible Notes will trigger a disclosure requirement under Rule 17.10 of the GEM Listing Rules, the Company shall, notwithstanding the above, issue an announcement accordingly.

#### *The Conversion Price*

The initial Conversion Price of HK\$0.007 represents:

- (i) a discount of approximately 99.0% to the closing price of HK\$0.74 per Share as quoted on GEM on the Last Trading Day;
- (ii) a discount of approximately 99.1% to the average closing price of HK\$0.81 per Share as quoted on GEM for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 99.2% to the average closing price of HK\$0.857 per Share as quoted on GEM for the last 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$0.016 over the consolidated deficiency in net assets of the Company per Share of HK\$0.009 as at 30 June 2007 (based on the total number of issued Shares of 508,879,716 as at the date of this announcement).

#### *The Conversion Shares*

As at the date of this announcement, there are 508,879,716 Shares in issue, the 2,100 million Conversion Shares which may fall to be issued upon exercise in full of the conversion rights attaching to the Convertible Notes represents:

- (i) approximately 412.7% of the issued share capital of the Company as at the date of this announcement;
- (ii) approximately 61.6% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares; and

- (iii) approximately 38.1% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares and the Conversion Shares upon the exercise in full of the conversion rights attaching to the Convertible Notes.

The Conversion Shares shall rank pari passu with all Shares then in issue from time to time.

### **Listing of the Shares to be issued**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

### **Fund-raising activities of the Group during the past twelve months**

The Company did not conduct any fund-raising activities during the twelve months preceding the date of this announcement.

### **THE DISPOSAL AGREEMENT**

On 16 August 2007, Great Ready Assets entered into the Disposal Agreement to dispose of the Jessica BVI Sale Shares to the Purchaser.

#### **Date of the Disposal Agreement**

16 August 2007

#### **Parties to the Disposal Agreement**

Vendor : Great Ready Assets, a wholly-owned subsidiary of the Company

Purchaser : Win Gain, being an investment holding company and a company wholly-owned by Mr. Ng, a Director and the controlling Shareholder

#### **Assets to be disposed of**

Subject to the terms and conditions of the Disposal Agreement, the Purchaser has agreed to acquire and Great Ready Assets has agreed to dispose of the Jessica BVI Sale Shares. The Jessica BVI Sale Shares represent the entire issue share capital of Jessica BVI, an indirect wholly-owned subsidiary of the Company.

Jessica BVI is an investment holding company and the Jessica BVI Group is principally engaged in the publication of two magazines, namely “*旭茉JESSICA*” and “*JESSICA China*”. Having considered that:

- (i) the Jessica BVI Group made losses for the past three financial years. For the three years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2007, the Jessica BVI Group recorded unaudited combined net losses before tax of approximately HK\$1.6 million, HK\$0.1 million, HK\$16.1 million and HK\$1.8 million respectively, and net losses after tax of approximately HK\$1.6 million, HK\$0.1 million, HK\$16.1 million and HK\$1.8 million respectively; and
- (ii) as at 30 June 2007, the unaudited combined deficiency in net assets of the Jessica BVI Group amounted to approximately HK\$3.9 million.

Upon completion of the Disposal, the Company will cease to hold any shareholding interest in the Jessica BVI Group and Jessica BVI will cease to be a subsidiary of the Company. The Group will not engage in the publication of “*旭茉JESSICA*” or “*JESSICA China*”, but will continue to run the magazine publishing business in respect of “*旭茉JESSICACODE*” and “*Lisa味道生活*” through its interests in the Remaining Publishing Companies.

Each of the Jessica BVI Group and the Remaining Publishing Companies has its own team of editors, reporters and sales and marketing staff to monitor and operate its own magazines. As at 30 June 2007, the number of staff employed under the Jessica BVI Group and the Remaining Publishing Companies were 37 and 42 respectively. The loss of the Group for the year ended 31 December 2006 was mainly attributable to the unaudited combined net loss after tax of approximately HK\$16.1 million from the Jessica BVI Group whilst the Remaining Publishing Companies recorded an unaudited combined net profit after tax of approximately HK\$1.9 million.

After completion of the Disposal, the Remaining Publishing Companies will continue to engage in their publication business in Hong Kong. For the year ended 31 December 2006, the Remaining Publishing Companies recorded an unaudited combined turnover of approximately HK\$22.7 million. For the six months ended 30 June 2007, the Remaining Publishing Companies recorded an unaudited combined turnover of approximately HK\$11.6 million and an unaudited combined net profit after tax of approximately HK\$3.5 million. The Directors are of the view that the Group complies with Rule 17.26 of the GEM Listing Rules after completion of the Disposal.

### **Conditions precedent to completion of the Disposal Agreement**

Completion of the Disposal Agreement is subject to the following conditions precedent:

- (i) the approval of the transactions contemplated under the Disposal Agreement by the Independent Shareholders voting by way of poll at the EGM;
- (ii) the Executive granting consent pursuant to Note 4 to Rule 25 of the Takeovers Code in respect of the Disposal Agreement; and
- (iii) the Subscription Agreement having become unconditional (other than the condition that the Disposal Agreement has to become unconditional).

Neither party to the Disposal Agreement has the right to waive any of the conditions above. In the event any of the above conditions has not been fulfilled on or before 30 November 2007, none of the parties to the Disposal Agreement shall be bound to proceed with the sale and purchase of the Jessica BVI Sale Shares, and the Disposal Agreement shall be automatically terminated, and neither party to the Disposal Agreement shall have any claim under the Disposal Agreement against the other save in respect of any antecedent breaches of the Disposal Agreement.

### **Completion of the Disposal Agreement**

Completion of the Disposal Agreement shall take place simultaneously with Completion.

### **Consideration for the Disposal**

Upon completion of the Disposal Agreement, the consideration for the Disposal, being HK\$1 million in cash, will be paid by the Purchaser to Great Ready Assets.

The consideration for the Disposal was arrived at after arm's length negotiations between Great Ready Assets and the Purchaser with reference to:

- (i) the loss-making track record of the Jessica BVI Group in the three years ended 31 December 2006;
- (ii) the unaudited combined deficiency in net assets of the Jessica BVI Group as at 30 June 2007 of about HK\$3.9 million; and
- (iii) the competitive magazine publication market conditions faced by the Jessica BVI Group.

A net gain of approximately HK\$4.9 million, being the difference between the consideration for the Disposal of HK\$1 million and the combined deficiency in net assets of the Jessica BVI Group attributable to the Group of approximately HK\$3.9 million as at 30 June 2007, is estimated to be recorded by the Group as a result of the Disposal. The Company intends to apply the proceeds from the Disposal for general working capital purpose.

Having considered (i) the positive financial impact on the Group; (ii) the additional capital obtained from the net proceeds of the Disposal; and (iii) the benefit of streamlining the operations of the Group by disposing of the loss-making Jessica BVI Group, which would reduce the relevant working capital requirement of the Group after completion of the Disposal, the Directors (excluding the independent non-executive Directors who will opine on the Disposal after having considered the advice of the independent financial adviser) consider that the Disposal is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## CHANGE IN THE SHAREHOLDING AND GROUP STRUCTURE

### Change in the shareholding structure of the Company

	as at the date		immediately		immediately		immediately	
	of this announcement		after Completion		after Completion		after Completion,	
	No. of Shares	%	but before exercise		and exercise in full		exercise in full	
			of any conversion		of the conversion		of the conversion	
			rights attaching to		rights attaching to		rights attaching to	
			the Convertible Notes		the Convertible Notes		the Convertible Notes	
			and exercise		but before exercise		and exercise in full	
			of the share options		of the share options		of the share options	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Ng and his associates (Note 1)	336,235,403	66.07	336,235,403	9.87	336,235,403	6.10	336,235,403	6.10
Ms. Ng Yuk Mui (Note 1)	<u>1,834,000</u>	<u>0.36</u>	<u>1,834,000</u>	<u>0.05</u>	<u>1,834,000</u>	<u>0.03</u>	<u>1,834,000</u>	<u>0.03</u>
Subtotal	338,069,403	66.43	338,069,403	9.92	338,069,403	6.13	338,069,403	6.13
The Subscriber	–	–	2,900,000,000	85.07	5,000,000,000	90.77	5,000,000,000	90.68
Other Public Shareholders (Note 3)	<u>170,810,313</u>	<u>33.57</u>	<u>170,810,313</u>	<u>5.01</u>	<u>170,810,313</u>	<u>3.10</u>	<u>175,583,753</u>	<u>3.19</u>
	<u><u>508,879,716</u></u>	<u><u>100.00</u></u>	<u><u>3,408,879,716</u></u>	<u><u>100.00</u></u>	<u><u>5,508,879,716</u></u>	<u><u>100.00</u></u>	<u><u>5,513,653,156</u></u>	<u><u>100.00</u></u>

#### Notes:

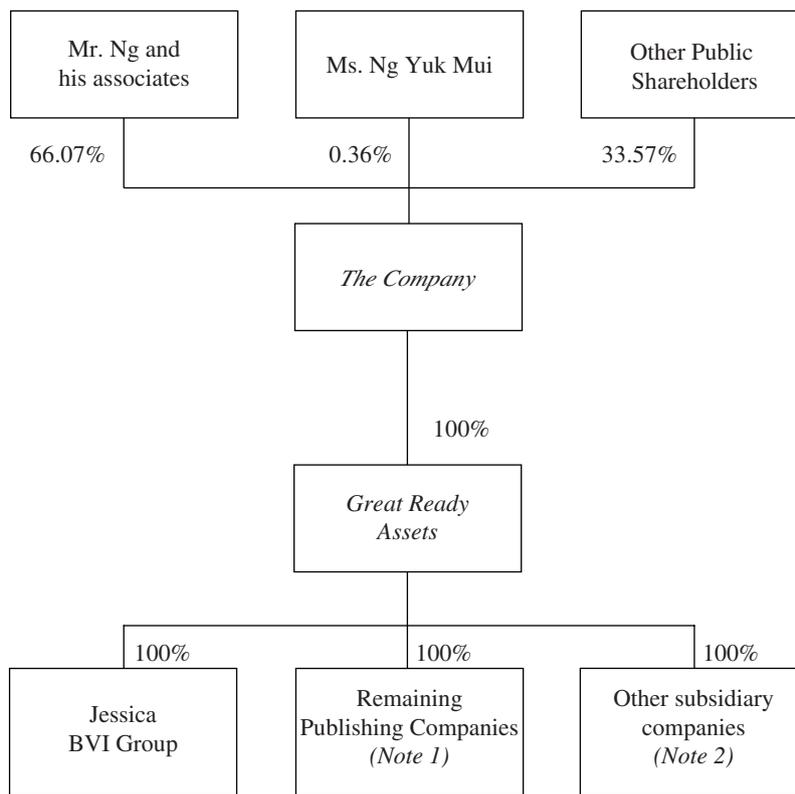
1. Mr. Ng and Ms. Ng Yuk Mui are Directors. The Shares owned by them and their respective associates will be classified as part of the public shareholding after Completion.
2. As at the date of this announcement, the Company has share options that carry rights to subscribe for 4,773,440 Shares and no Directors hold any of these share options.
3. Under the terms of the Convertible Notes, no conversion of the Convertible Notes may take place if such conversion will result in insufficient public float as required under the GEM Listing Rules.

The above shareholding structure is for illustrative purpose only. The Subscriber intends to maintain the listing status of the Shares on the Stock Exchange and the 25% minimum public float requirement upon Completion. It is proposed on the date of Completion, the Subscriber will enter into a placing agreement with an independent placing agent to place out sufficient Subscription Shares to independent placees such that the Company will continue to maintain the 25% minimum public float requirement upon and following Completion.

Completion of the said placing agreement will be subject to the granting of approval for the listing of, and the permission to deal in, the Subscription Shares by the GEM Listing Committee.

## Change in the Group Structure

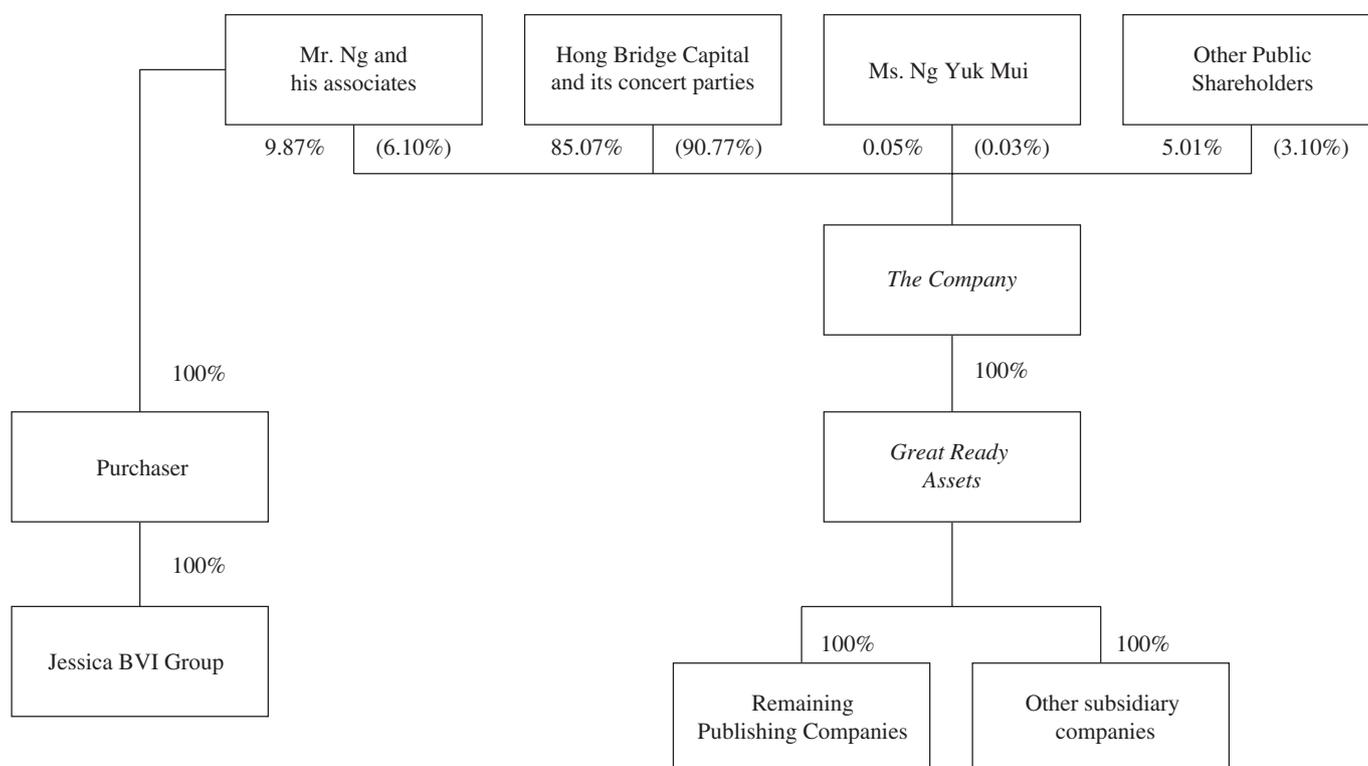
*Group structure before completion of the Subscription and the Disposal*



*Notes:*

1. Remaining Publishing Companies include Superb Taste Company Limited and Jessicacode Limited.
2. Other subsidiary companies are mainly dormant or engaged in the provision of management services to other Group companies.

## Group structure after completion of the Subscription and the Disposal



### Notes:

1. Percentage in brackets denotes the shareholding percentage after the exercise in full of the conversion rights attaching to the Convertible Notes.
2. Under the terms of the Convertible Notes, no conversion of the Convertible Notes may take place if such conversion will result in insufficient public float as required under the GEM Listing Rules.
3. As described in the sub paragraph headed “Change in the shareholding structure of the Company” above, a placement of Subscription Shares on a fully underwritten basis will be carried out upon Completion in order to maintain the minimum 25% public float.

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE DISPOSAL

The Group is principally engaged in the magazine publication business. The magazines published by the Group include “*旭茉JESSICA*” and “*JESSICA China*” under the Jessica BVI Group, and “*旭茉 JESSICACODE*” and “*Lisa味道生活*” under the Remaining Publishing Companies. Each of the Jessica BVI Group and the Remaining Publishing Companies has its own team of editors, reporters and sales and marketing staff to monitor and operate its own magazines publication business. Save for the year ended 31 December 2005, the Group recorded net losses for the past five financial years. In particular, the Group recorded a substantial audited consolidated net loss after tax of approximately HK\$14.2 million for the year ended 31 December 2006. Such substantial loss was mainly attributable to the unaudited combined net loss after tax of approximately HK\$16.1 million from the Jessica BVI Group while the Remaining Publishing Companies were able to record an unaudited combined net profit after tax of approximately HK\$1.9 million.

The substantial loss of the Jessica BVI Group mainly resulted from the expansion in the circulation of “*JESSICA China*” in the PRC since second half of 2005 and the discontinuation of two magazines (namely “*Paralife*” and “*8 Weekly*”) in 2006. For the year ended 31 December 2006, the publication business of the Jessica BVI Group in respect of “*Paralife*” and “*8 Weekly*” incurred an unaudited net loss of approximately HK\$6.2 million. For the six months ended 30 June 2007, the Jessica BVI Group recorded an unaudited combined net loss after tax of approximately HK\$1.8 million. The Directors (excluding the independent non-executive Directors who will opine on the Disposal after having considered the advice of the independent financial adviser) consider that the Disposal will provide the Group with an opportunity to streamline the operations of the Group while at the same time, the net proceeds from the Disposal and the Subscription will enhance the financial position of the publication business of the Remaining Publishing Companies.

Accordingly, the Directors (excluding the independent non-executive Directors who will opine on the Disposal after having considered the advice of the independent financial adviser) consider that the transactions under the Subscription Agreement and the Disposal Agreement are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION RELATING TO THE SUBSCRIBER**

The Subscriber is a private limited company incorporated in the BVI. It has not carried on any business activities since its incorporation other than entering into the Subscription Agreement. The Subscriber is beneficially wholly-owned by Mr. He. Mr. He is the sole director of the Subscriber.

The Subscriber will nominate i) Mr. He as an executive Director and the chairman of the Company; ii) Mr. Liu Wei as an executive Director and the chief executive officer of the Company; and iii) Mr. Shi Lixin as an executive Director upon Completion. Their biographical details are as follows:

Mr. He, aged 45, has extensive experience in financial management and in the investment field. Mr. He graduated from 安徽財貿學院 (Anhui Finance and Trade College), the PRC in 1983 with a bachelor degree in economics. Between 1983 and 1985, Mr. He was employed by 中華人民共和國商業部 (the Domestic Trade Ministry of the PRC). Thereafter, he joined China Resources (Holdings) Co., Ltd.. Before establishing his own private business, Mr. He was the deputy general manager in the finance department of China Resources Holdings Co. Ltd.. During the period from 2001 to 2005, Mr. He was a director and substantial shareholder of a number of companies, the shares of which are listed on the Stock Exchange, including Shanghai Zendai Property Limited (stock code: 0755), and Geely Automobile Holdings Limited (stock code: 0175).

Mr. He is now the chairman of Nority International Group Limited, the shares of which are listed on the Stock Exchange (stock code: 0660) and is also the chairman of ChinaGrowth South Acquisition Corporation (USOTCBB symbol: CGSUF), the shares of which are quoted on Over-The-Counter Bulletin Board in the United States of America and a director of ChinaGrowth North Acquisition Corporation (USOTCBB symbol: CGNUF), the shares of which are quoted on Over-The-Counter Bulletin Board in the United States of America.

Mr. Liu Wei, aged 43, has over 10 years of experience in corporate banking and corporate finance, including his previous employment with The Hongkong Chinese Bank Ltd. and Lippo Group. Mr. Liu was a director of Hans Energy Company Limited (stock code: 0554), the shares of which are listed on the Stock Exchange. Mr. Liu was also a director of China Metal and Technologies (H.K.) Limited, a private company engaged in the trading of non-ferrous metal. He was the managing director of a private company engaged in media business. Mr. Liu was experienced in the publication business and was involved in the publication of 世界經濟論壇 (World Economic Journal Monthly), 今日健康生活 (Healthy Life Today) and 中國新聞周刊 (China News Weekly) during his tenure with the above private company. Mr. Liu holds a master degree in business administration from the University of San Francisco.

Mr. Shi Lixin, aged 40, a postgraduate diploma holder in business administration from the University of Wales College, Newport, has extensive experience in mergers and acquisitions and project finance. Mr. Shi is currently the chief executive officer of 萬博港工業品超市有限公司 (Wanbo Industrial Provision & Exposition Co., Ltd.) and was once the special assistant to the chairman of 湖南投資集團股份有限公司 (Hunan Investment (Group) Corporation). Mr. Shi was also the chief executive officer of a company, which was involved in the business procurement of 湘潭高新技術產業開發區 (Xiantan Hi-Tech Industrial Development Zone), which in turn contain the 湘潭(德國)工業園 (Xiangtang (Germany) Industrial Park).

The Subscriber believes that the varied management experience of Mr. He, Mr. Liu and Mr. Shi would be valuable to the management and operations of the Group after Completion.

## **INTENTION OF THE SUBSCRIBER REGARDING THE GROUP**

The Subscriber intends that the Group will continue its existing businesses following Completion. Meanwhile, the Subscriber will conduct a review of the business operation and financial position of the Group for the purpose of formulating business plans and strategies for streamlining the Group's existing business operation and improving the financial position of the Group with a view to the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Subscriber may consider, leveraging on the business experience of its sole shareholder, diversifying the business of the Group, which diversification may include businesses in relation to the energy and resources industry and automobile parts industry, with an objective to broaden the Group's income source. However, no such investment or business opportunities have been identified at this stage. The Subscriber has no intention to re-deploy the employees or the fixed assets of the Group other than in its ordinary course of business.

## **CHANGE OF COMPANY NAME**

The Board also proposes that, subject to Completion, the name of the Company will be changed from "Jessica Publications Limited" to "Honbridge Holdings Limited 洪橋集團有限公司" to reflect more appropriately the identity of the Subscriber, being "Hong Bridge Capital Limited", as the new controlling Shareholder upon Completion.

The proposed change of the Company's name is subject to, among other things, (i) Completion; and (ii) the passing of a special resolution by the Shareholders at the EGM approving the change of name by way of show of hand (unless a poll is validly demanded). Subject to the approval of the Shareholders, the Company will carry out necessary filing procedures and actions with the Registrars of Companies in the Cayman Islands and in Hong Kong. The Company will issue an announcement when the proposed change of company name and stock short name has become effective and all necessary filing procedures have been completed.

The change of name of the Company will not affect any of the rights of the existing Shareholders. The share certificates bearing the Company's existing name will continue to be evidence of title and valid for trading, settlement, and registration purposes. There will not be any arrangement for free exchange of existing share certificates for new share certificates under the new name of the Company. New certificates for the Shares will only be issued following the change of the Company's name becoming effective.

Shareholders who wish to exchange the Company's existing share certificates for new share certificates bearing the new name may do so from 9:00 a.m. to 4:00 p.m. on any business day after the change of name has become effective, submit their existing share certificates to the Company's share registrar, Union Registrars Limited, Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong to exchange for new share certificates at the expense of the Shareholders. A share certificate exchange fee of HK\$2.50 (or such higher amount as may be prescribed or allowed under the GEM Listing Rules from time to time) for each new share certificate to be issued or each existing certificate received, by reference to the higher number of certificates may be, will be charged to the relevant Shareholders. It is expected that new share certificates will be available within 10 business days from the date of submission of the existing share certificates in exchange for the new share certificates.

## **REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME**

The Board also proposes to seek the approval of the Shareholders to refresh the 10% scheme mandate limit of the Share Option Scheme. Under the existing scheme mandate limit of the Share Option Scheme, the Directors are authorised to grant options to subscribe up to 50,488,147 Shares, representing 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. As at the date of this announcement, options to subscribe for a total of 4,773,440 Shares have been granted and remain outstanding under the Share Option Scheme.

In order to provide the Company with greater flexibility in granting share options to eligible persons under the Share Option Scheme as incentive or rewards for their contribution to the Group, the Board has decided to seek approval from the Shareholders at the EGM to refresh the scheme mandate limit of the Share Option Scheme. The Directors consider such refreshment of the scheme mandate limit of the Share Option Scheme to be in the interests of the Company and the Shareholders as a whole.

Based on the 508,879,716 Shares in issue as at the date of this announcement and assuming no further Shares are repurchased and issued prior to the EGM, upon the approval of the refreshment of the scheme mandate limit of the Share Option Scheme, the Directors will be authorised to grant new options to subscribe for a total of 50,887,971 Shares, representing 10% of such total number of Shares in issue.

No outstanding share options of the Company will lapse as a result of the refreshment of the scheme mandate limit of the Share Option Scheme. The aggregate number of Shares which may be issued upon the exercise of all outstanding share options granted but yet to be exercised under the Share Option Scheme and any other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the date of this announcement. In addition, none of the grantees have been granted options under the Share Option Scheme entitling any of them to subscribe for more than 1% of the issued share capital of the Company.

Save for the Share Option Scheme, the Company has no other share option schemes as at the date of this announcement.

The refreshment of the scheme mandate limit of the Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the refreshment of the scheme mandate limit of the Share Option Scheme; and
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares, representing 10% of the Shares in issue as at the date of passing of the ordinary resolution at the EGM, which may be issued pursuant to the exercise of the options to be granted under the refreshed scheme mandate limit.

The purpose of refreshing the scheme mandate limit of the Share Option Scheme is to provide greater flexibility so that a greater number of Shares can be granted under the Share Option Scheme as incentive or reward to encourage the eligible personnel's continuous contribution to the success of the Group. The Directors consider that such refreshment of the scheme mandate limit of the Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon the exercise of any options that may be granted pursuant to the refreshed scheme mandate limit of the Share Option Scheme.

## **IMPLICATIONS OF THE GEM LISTING RULES AND THE TAKEOVERS CODE**

### **Major and connected transaction**

Since the Purchaser is wholly owned by Mr. Ng, (a Director and the controlling Shareholder), the Purchaser is a connected person of the Company for the purposes of the GEM Listing Rules. Accordingly, the Disposal Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios (as defined under the GEM Listing Rules) are greater than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules. The Disposal is subject to the approval of the Independent Shareholders, voting by way of poll at the EGM. Save for Mr. Ng and his associates, to the best knowledge, information and belief of the Company after having made all reasonable enquiries, the Company is not aware of any other Shareholders who have an material interest in the Disposal.

## **Special deal**

The Disposal Agreement is a special deal for the purposes of Rule 25 of the Takeovers Code, and therefore requires the consent of the Executive, which if granted will be subject to the public statement of an independent financial adviser to be appointed by the Company that the terms of the Disposal Agreement are fair and reasonable and approval of the Independent Shareholders' voted by way of poll at the EGM. Since the Purchaser is beneficially wholly-owned by Mr. Ng, Mr. Ng, together with his associates and parties acting in concert with him will abstain from voting on any resolution relating to the Disposal Agreement.

## **Application for Whitewash Waiver**

The shareholding of the Subscriber in the Company will, upon Completion, increase from 0% (i) to approximately 85.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares but before the exercise of any conversion rights attaching to the Convertible Notes; and (ii) further to approximately 90.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares upon the exercise in full of the conversion rights attaching to the Convertible Notes. Unless the Whitewash Waiver is granted by the Executive, an obligation to make a mandatory offer for all of the issued Shares and other outstanding securities of the Company other than those already owned or agreed to be subscribed by the Subscription and parties acting in concert with it will arise under Rule 26 of the Takeovers Code as a result of the Subscription and conversion of the Convertible Notes.

An application has been made by the Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code, which, if granted, will be subject to the approval by the Independent Shareholders voting by way of poll at the EGM. Mr. Ng, together with his associates and parties acting in concert with him will abstain from voting on the resolution to approve the Whitewash Waiver.

The aggregate shareholding of the Subscriber and parties acting in concert with it after completion of the Subscription will exceed 50% of the issued share capital of the Company as enlarged by the Subscription Shares to be issued pursuant to the Subscription Agreement. Accordingly, if the Whitewash Waiver is approved by the Independent Shareholders, any additional acquisition of Shares by the Subscriber and parties acting in concert with it will not incur any further obligation under Rule 26 of the Takeovers Code to make a general offer.

## **Substantially high level of cash balance**

Upon completion of the Subscription and the Disposal, the Group's principal assets will mainly comprise those of the Remaining Publishing Companies, which recorded an unaudited combined total assets, net liability and cash and bank balance of approximately HK\$7.3 million, HK\$0.7 million and HK\$2.77 million, respectively, as at 30 June 2007, and an aggregate cash inflow of approximately HK\$36 million, resulting in the Group having a high cash level. The Directors are of the view that this high cash level will be of temporary nature and the Group's high cash level position immediately following the completion of the Subscription and the Disposal will be translated into future contribution to the Group's magazine publication business and participation in the new investment opportunities identified by the Company.

The Directors and the Subscriber have confirmed that they will take appropriate actions to ensure full compliance with the relevant GEM Listing Rules, including, but not limited to Rule 11.06 and Chapter 9 of the GEM Listing Rules. In the event that the Group's assets comprise wholly or substantially all of cash, the Stock Exchange may suspend dealings in the Shares.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 2.8 of the Takeovers Code, an independent board committee should comprise all non-executive Directors, namely Ms. Ng Yuk Mui, Mr. So Siu Ming, George, Ms. Pong Oi Lan, Scarlett and Mr. Cheng Yuk Wo. Given the fact that Ms. Ng Yuk Mui is the daughter of Mr. Ng, the controlling Shareholder who is considered being interested in the Subscription and the Disposal, the Board has considered it not appropriate to appoint Ms. Ng Yuk Mui to the independent board committee. Accordingly, an independent board committee comprising all independent non-executive Directors, namely Mr. So Siu Ming, George, Ms. Pong Oi Lan, Scarlett and Mr. Cheng Yuk Wo, has been established to consider and to advise the Independent Shareholders as to whether the terms of the Subscription Agreement, the Disposal Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and that the aforesaid agreements (including the transactions contemplated thereunder) are in the interests of the Company and the Shareholders as a whole.

An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

## **EGM**

The EGM will be convened and held at which resolutions will be proposed to seek (A) the Independent Shareholders' approval voting by way of poll in relation to, (i) the Subscription (including the issue of the Subscription Shares, the issue of the Convertible Notes and the Conversion Shares); (ii) the Disposal; and (iii) the Whitewash Waiver; and (B) the Shareholders' approval by way of show of hands (unless a poll is validly demanded) in relation to (i) the change of name of the Company and (ii) the refreshment of the scheme mandate limit of the Share Option Scheme.

## **GENERAL**

A circular containing, among other things, further details of (i) the Subscription Agreement; (ii) the Whitewash Waiver; (iii) the principal terms of the Convertible Notes; (iv) the Disposal Agreement; (v) the change of name of the Company; and (vi) the refreshment of the scheme mandate limit of the Share Option Scheme, together with (vii) the letter from the independent board committee of the Company; (viii) the letter of advice from the independent financial adviser; (ix) a notice convening the EGM and (x) information complying with other disclosure requirements under the GEM Listing Rules and the Takeovers Code will be despatched to the Shareholders as soon as practicable pursuant to the GEM Listing Rules and the Takeovers Code.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 17 August 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 21 August 2007.

## **DEFINITIONS**

“associates”	the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Jessica Publications Limited, a company with limited liabilities incorporated in the Cayman Islands, the issued shares of which are listed on GEM
“Completion”	completion of the Subscription Agreement
“Completion Date”	the date of Completion, being a date falling on or before the second business day after the conditions under the Subscription have been fulfilled or waived (as the case may be), or such other date as the parties to the Subscription Agreement shall agree in writing
“connected person(s)”	the meaning ascribed to it in Chapter 20 of the GEM Listing Rules
“Convertible Notes”	the convertible notes to be issued by the Company with an aggregate principal amount of HK\$14.7 million under the Subscription Agreement
“Conversion Price”	the conversion price of initially HK\$0.007 per Conversion Share (subject to adjustment)
“Conversion Share(s)”	the 2,100 million new Shares which shall fall to be allotted and issued by the Company upon the exercise in full of the conversion rights attaching to the Convertible Notes at the initial Conversion Price
“Deposit”	a conditionally refundable interest-free deposit of HK\$2 million paid by the Subscriber to the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Jessica BVI Sale Shares

“Disposal Agreement”	the sale and purchase agreement dated 16 August 2007 entered into between Great Ready Assets and the Purchaser in relation to the Disposal
“EGM”	the extraordinary general meeting of the Company to be convened and held in respect of approval for, (i) the Subscription Agreement (including the issue of the Subscription Shares, the issue of the Convertible Notes and the Conversion Shares); (ii) the Whitewash Waiver; (iii) the Disposal; (iv) the change of name of the Company; and (v) the refreshment of the scheme mandate limit of the Share Option Scheme
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Committee”	the listing committee of the GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Great Ready Assets”	Great Ready Assets Limited, a limited liability company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Bridge Capital”	Hong Bridge Capital Limited, a limited liability incorporated in the BVI which is wholly-owned by Mr. He
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Mr. Ng and his associates and parties acting in concert with him and those who are interested in or involved in the Subscription and the Disposal
“Jessica BVI”	Jessica Publications (BVI) Limited, a limited liability company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“Jessica BVI Group”	Jessica BVI and its subsidiaries
“Jessica BVI Sale Shares”	the entire issued share capital of Jessica BVI

“Last Trading Day”	16 August 2007, being the trading day when the Subscription Agreement is entered into
“Mr. He”	Mr. He Xuechu, the sole director and the sole beneficial owner of the entire issued share capital of the Subscriber
“Mr. Ng”	Mr. Ng Hung Sang, a Director and the ultimate controlling Shareholder
“parties acting in concert”	has the same meaning ascribed thereto in the Takeovers Code
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchaser”	Win Gain Investments Limited, a limited liability company incorporated in the BVI and is wholly owned by Mr. Ng
“Remaining Publishing Companies”	Jessicacode Limited and Superb Taste Company Limited, which are the subsidiaries of the Company engaged in the magazine publishing business after the Disposal
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution passed on 20 December 2001 which became effective on 8 January 2002
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Hong Bridge Capital
“Subscription”	the subscription of the Subscription Shares and the Convertible Notes pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.007 per Subscription Share

“Subscription Share(s)”	the 2,900 million new Shares to be issued pursuant to the Subscription Agreement
“Takeovers Code”	the Code on Takeovers and Mergers
“Whitewash Waiver”	the waiver to be sought from the Executive pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber and the parties acting in concert with it as a result of the Subscription Agreement and the conversion of the Convertible Notes 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 cancellation offer in respect of all outstanding options of the Company upon Completion
“Win Gain”	Win Gain Investments Limited, a limited liability incorporated in the BVI which is wholly-owned by Mr. Ng
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the board of  
**Hong Bridge Capital Limited**  
**Mr. He Xuechu**  
*Director*

By order of the board of  
**Jessica Publications Limited**  
**Pang Woon Chang**  
*Company Secretary*

Hong Kong, 20 August 2007

*As at the date of this announcement, the Board comprises (1) Mr. Ng Hung Sang and Mr. Ng Yuk Fung, Peter as executive Directors; (2) Ms. Ng Yuk Mui as a non-executive Director; and (3) Mr. So Siu Ming, George, Ms. Pong Oi Lan, Scarlett and Mr. Cheng Yuk Wo as independent non-executive Directors.*

*The announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information (other than that in relation to the Subscriber and the parties acting in concert with it) with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:—(1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*The Directors accepts full responsibility for the accuracy of the information (other than that in relation to the Subscriber and the parties acting in concert with it) contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the announcement have been arrived at after due and careful consideration and there are no other facts not contained in the information, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the sole director of the Subscriber is Mr. He. Mr. He accepts full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of statements in this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.*