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JACKIN INTERNATIONAL HOLDINGS LIMITED

輝影國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

**PROPOSED ISSUE OF HK\$78,000,000 10%
SECURED BONDS DUE 2010 AND
DETACHABLE WARRANTS WITH
AN AGGREGATE VALUE OF HK\$31,200,000
AND
RESUMPTION OF TRADING**

The Company entered into the Subscription Agreement with the Subscriber on 14 June 2007 (as amended by a supplemental agreement dated 21 June 2007), pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for the Bonds in the aggregate principal amount of HK\$78,000,000 and the Warrants with an aggregate value of HK\$31,200,000 at a subscription price of 100% of the principal amount of the Bonds. No consideration is attributed to the Warrants.

Ugent Holdings, a wholly owned subsidiary of the Company, will on Closing, by executing the Share Charge, charges the Security Assets to the Security Agent by way of first fixed charge as continuing security for the payment obligations of the Company under or in respect of the Bonds.

The Subscription Agreement are subject to the conditions set out in the section "The Subscription Agreement – Conditions" below.

Details of the Bonds, the Warrants and the Share Charge are more particularly set out below under the sections "Principal Terms of the Bonds", "Principal Terms of the Warrants" and "Security".

No application will be made for the listing of the Bonds or the Warrants on the Stock Exchange or any other stock exchange. Application will be made to the Stock Exchange for the listing of the New Shares falling to be issued upon exercise of the subscription rights attaching to the Warrants.

* *For identification purposes only*

Trading in the Shares on the Stock Exchange was suspended with effect from 9:43 a.m. on 14 June 2007 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 June 2007.

THE SUBSCRIPTION AGREEMENT

Date: 14 June 2007 (as amended by a supplemental agreement dated 21 June 2007 pursuant to which the initial Subscription Price was amended to HK\$0.554 per Share)

Issuer : the Company
Subscriber : Martin Currie China Hedge Fund L.P.
Bonds Issue Size : HK\$78,000,000
Warrants Issue Size : HK\$31,200,000 for 56,317,689 New Shares
(based on the initial Subscription Price of HK\$0.554 per Share)

Pursuant to the Subscription Agreement, the Company has agreed to issue, and the Subscriber have agreed to subscribe for, the Bonds and the Warrants at a subscription price of 100% of the principal amount of the Bonds. For the avoidance of doubt, no consideration is attributed to the Warrants.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, other than holding 49,872,000 Shares, representing approximately 6.37% of the existing issued share capital of the Company, the Subscriber (and its ultimate beneficial owner(s)) are Independent Third Parties. According to the information provided by the Subscriber, the Subscriber is an exempted limited partnership established in Bermuda on 29 November 2002, which has the objective to provide long term capital appreciation by investing in a portfolio of primarily securities and other financial instruments of companies established, listed or operating in China, or which have significant trading with China. It acts as the master fund for Martin Currie Absolute Return Funds China Fund, which is a subfund of Martin Currie Absolute Return Funds Limited, an open-ended investment company incorporated in Bermuda on 9 June 2000, and marketed to professional investors. Martin Currie Absolute Return Funds Limited is structured as an umbrella fund with the power to create several subfunds, including the Martin Currie Absolute Return Funds China Fund. The Martin Currie Absolute Return Funds China Fund invests solely into Martin Currie China Hedge Fund LP. The sole general partner of the Subscriber is Martin Currie Absolute Return Fund GP Limited and the sole limited partner is Martin Currie Absolute Return Funds Limited. As at 31 May 2007 the net asset value of Martin Currie China Hedge Fund L.P. was approximately US\$100 million.

Conditions

The Subscription Agreement is subject to, among other things, the following conditions precedent:

- (i) the Share Charge shall have been executed by all parties thereto on or prior to the Closing Date;
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the New Shares to be issued upon conversion of the Warrants and all other necessary waivers, consents and approvals as required under the Listing Rules in relation to the Company with respect to the Subscription Agreement and the transactions contemplated therein being obtained and/or complied with;

- (iii) on or prior to the Closing Date, there shall have been delivered to the Subscriber, each in a form satisfactory to the Subscriber, legal opinions as to Bermuda law and Hong Kong law;
- (iv) (if required) the approval of the Bermuda Monetary Authority for the issue of the Bonds, the Warrants and the New Shares;
- (v) at the Closing Date (1) the representations and warranties of the Company contained in the Subscription Agreement shall be true, accurate and correct in all respects; (2) the Company shall have performed all of its obligations under the Subscription Agreement expressed to be performed on or before such date; and (3) there shall have been delivered to the Subscriber a certificate in respect of the compliance of (1) and (2) by the Company; and
- (vi) at the Closing Date there shall not have occurred any change, or any development or event reasonably likely to, in the opinion of the Subscriber, have a Material Adverse Effect.

If any of the above conditions is not satisfied on or prior to the Closing Date, the Company and the Subscriber shall be released and discharged from their respective obligations relating to the Bonds and the Warrants. The Subscriber may at its discretion waive compliance with the whole or any of the above conditions.

Termination

Notwithstanding anything contained in the Subscription Agreement, the Subscriber may at any time prior to payment of the consideration, terminate the Subscription Agreement in, among other things, any of the following circumstances:

- (i) if there shall have come to the notice of the Subscriber any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure by the Company to perform any of its undertakings or agreements in the Subscription Agreement;
- (ii) if there shall have occurred any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls;
- (iii) if there shall have occurred a general moratorium on commercial banking activities in the PRC or the United Kingdom or United States or Hong Kong by any PRC, United Kingdom, New York State, United States Federal or Hong Kong authorities;
- (iv) if there shall have occurred an outbreak or escalation of hostilities or act of terrorism; or
- (v) if on or after the date of the Subscription Agreement there shall have occurred either of the following: (i) a suspension or material limitation of trading in securities generally on the Stock Exchange; or (ii) a suspension in trading in the Company's securities on the Stock Exchange (other than for the purposes of clearing announcements or circulars as required under the Listing Rules).

Closing

Closing of the Subscription Agreement shall take place on or about 30 June 2007 (or such other date as shall be agreed between the Company and the Subscriber).

Ugent Holdings, a wholly owned subsidiary of the Company, will on Closing, by executing the Share Charge, charges the Security Assets to the Security Agent by way of first fixed charge as continuing security for the payment obligations of the Company under or in respect of the Bonds.

Details of the Bonds, the Warrants and the Share Charge are more particularly set out below under the sections "Principal Terms of the Bonds", "Principal Terms of the Warrants" and "Security".

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarized below:

Principal amount

The aggregate principal amount of the Bonds is HK\$78,000,000.

Form and Denomination

The Bonds are issued in registered form in the denomination of HK\$6,000,000 each.

Interest

The Bonds will bear interest at the rate of 10% per annum of the principal amount of the Bonds. Interest on the Bonds is payable semi-annually in arrear. Each Bond will cease to bear interest (i) when such Bond has been fully repaid, purchased and cancelled or redeemed; and (ii) on the date for redemption with respect to such Bond if redemption moneys and accrued interest with respect to such Bond have been irrevocably deposited with the Bondholders.

If the Company fails to pay any sum in respect of the Bonds when the same becomes due and payable, interest shall accrue on the overdue sum at the rate of 12% per annum from the due date.

Maturity Date

3 years from the date of issue of the Bonds.

Redemption by the Company

On or at any time after the day falling 18 months after the date of issue of the Bonds, the Company may, by having given not less than 30 days' nor more than 60 days' notice to the Bondholders redeem all or part of the Bonds at the Early Redemption Amount. In the event the redemption is in respect of part only of the Bonds, such redemption shall be made to the Bondholders pro-rata on the amounts of the Bonds held by them.

“Early Redemption Amount” means, in respect of each Bond, its principal amount (HK\$6,000,000 each) (together with accrued but unpaid interest) plus an amount of premium (the “**Premium**”), where :

Premium = HK\$1,800,000 – all interests received on each Bond – any accrued but unpaid interest.

The Bonds which are redeemed or purchased by the Company will be cancelled.

Redemption by the Bondholders and Event of Default

The Company shall, at the option of the holder of any Bond by giving the Purchase Notice (as defined below) to the Company, redeem all or part of the Bonds on the Put Date (as defined below) at a price equal to 100 per cent. of the principal amount of the Bonds to be redeemed plus all accrued but unpaid interest if:

- (i) there is a Change of Management;
- (ii) the aggregate shareholding of the Major Shareholders in the Company falls below 25 per cent. of the issued and paid up share capital of the Company from time to time; or
- (iii) the Company or any of its Affiliates is in breach of the terms and conditions of the Bonds or the Share Charge in any material respect or if any of the Events of Default occurs.

To exercise the above right, the relevant Bondholder must give notice to the Company (“**Purchase Notice**”) by not later than 30 days following the date upon which notice of the event of redemption is given to the Bondholders by the Company in accordance with the terms and conditions of the Bonds. The “**Put Date**” shall be the 30th day after the date of the Purchase Notice.

The Bonds also provide that upon the happening of certain events of defaults (“**Event of Defaults**”) as specified in the terms and conditions of the Bonds, any Bondholder may give notice to the Company that all the Bonds outstanding are and shall become immediately repayable at the Early Redemption Amount.

Subject to certain exceptions and grace periods as provided in the Bonds, among other things, the following are examples of Events of Default : (i) failure to pay any principal or interest in respect of the Bonds; (ii) failure to deliver Shares following the conversion of the Warrant; (iii) failure to perform or comply with other material obligations in the Bonds or the Share Charge (iv) the Company or any of its subsidiaries which is material in the context of the Group is insolvent or unable to pay its debts as they fall due; (v) any other present or future indebtedness of the Company or any of its subsidiaries becomes due and payable prior to its stated maturity by reason of any actual or potential default, or the like provided that the aggregate amount of the relevant indebtedness equals or exceeds US\$2,000,000; (vi) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Company or any of its subsidiaries which is material in the context of the Group; (vii) an order is made or an effective resolution passed for the winding-up or

dissolution, judicial management or administration of the Company or any of its subsidiaries which is material in the context of the Group; or the Company or any of its subsidiaries which is material in the context of the Group ceases or threatens to cease to carry on all or substantially all of its business or operations; (viii) it is or will become unlawful or impractical for the Company to perform or comply with any one or more of its material obligations under the Bonds or the Share Charge; (ix) the security interest created by the Share Charge fails to remain perfected and of first priority; or the Share Charge is not, or ceases to be valid and effective; (x) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company; and (xi) any event occurs which has an analogous effect to any of the events referred to above.

“Early Redemption Amount” means, in respect of each Bond, its principal amount (HK\$6,000,000 each) (together with accrued but unpaid interest) plus an amount of premium (the “**Premium**”), where:

Premium = HK\$1,800,000 – all interests received on each Bond – any accrued but unpaid interest.

The Bonds which are redeemed or purchased by the Company will be cancelled.

Transferability

No assignment or transfer of the Bonds may be made unless the assignee or transferee is a MC Fund. In the event that any of the Bondholders ceases to be a MC Fund, such Bondholder shall assign or transfer the Bonds held by him to a MC Fund.

No Bondholder may require the transfer of a Bond to be registered during certain closed periods as specified in the terms and conditions for the Bonds.

Status of the Bonds

The Bonds constitute direct, unsubordinated, unconditional and secured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

The Company’s payment obligations in respect of the Bonds are secured by the Share Charge.

Covenants and Undertakings

The Company undertakes to maintain a Total Debt to Equity Ratio (as defined below) of not more than 1.2 time and not to, directly or indirectly, incur Lien (other than those arising on operation of law) upon shares, property or other assets held by the AFEX Group under certain circumstances as provided in the terms and conditions of the Bonds. Further, the Company will not, save as approved by an extraordinary resolution of the Bondholders (as provided in the Bonds), directly or indirectly engage in any business other than its current principle businesses.

“**Total Debt to Equity Ratio**” means (1) consolidated total debts (including but not limited to money borrowed from banks and indebtedness evidenced by Bonds, debentures or bonds and excluding trade debts arising in the ordinary course of business) at that point in time to (2) the aggregate amount of the shareholders equity.

Use of proceeds

The net proceeds from the issue of the Bonds, after deduction of transaction costs and fees will be used for the purposes of (i) business expansion, (ii) repayment of bank loans and (iii) general working capital.

Listing

No application will be made for a listing of the Bonds on the Stock Exchange or any other stock exchange.

PRINCIPAL TERMS OF THE WARRANTS

The principal terms of the Warrants are summarized below:

Number of New Shares Covered by the Warrants

Upon the exercise of the subscription rights attaching to the Warrants in full, a maximum of 56,317,689 New Shares (with an aggregate nominal value of HK\$5,631,768.90 of the New Shares), will be issued and allotted, representing approximately 7.20% of the existing issued share capital of the Company and approximately 6.71% of the issued share capital of the Company as enlarged by the issue and allotment of the New Shares.

Subscription period

The Subscription Period shall be from the date after 6 months after the date of issue of the Warrants to the date falling on the expiry of the third anniversary of the date of issue of the Warrants (both dates inclusive), subject to earlier termination as provided in the Warrants.

Subscription price

The Subscription Price per New Share will be HK\$0.554 (subject to adjustment), representing a premium of approximately 28.8% of the audited net asset value per Share of approximately HK\$0.43 as of 31 December 2006, as set out in the annual report of the Company for the financial year ended 31 December 2006.

The Subscription Price represents:–

- (i) a discount of approximately 19.7% to the closing price of HK\$0.69 per Share as quoted on the Stock Exchange on 13 June 2007, being the last trading day immediately prior to the issue of this announcement;
- (ii) a discount of approximately 18.5% to the average closing price of approximately HK\$0.68 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 13 June 2007;
- (iii) a discount of approximately 17.1% to the average closing price of approximately HK\$0.668 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 13 June 2007;
- (iv) a premium of approximately 2.6% to the average closing price of approximately HK\$0.540 per Share as quoted on the Stock Exchange for the 20 consecutive trading days up to and including 13 June 2007; and

- (v) a premium of approximately 19.1% to the average closing price of approximately HK\$0.465 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including 13 June 2007.

Subject to the terms and conditions of the Warrants, the Subscription Price may be subject to adjustment upon, among other things, (1) consolidation or sub-division of the Shares; (2) capitalization issue of the Shares by the Company (other than in lieu of a cash dividend); (3) capital distribution (as defined in the instrument creating the Warrants) made by the Company; (4) an offer or grant by the Company to Shareholders of new Shares for subscription by way of rights or of options or warrants to subscribe for new Shares, at a price less than 90% of the market price (calculated in accordance with the terms of the Warrants); (5) an issue for cash of convertible securities by the Company, if the total effective consideration is less than the market price (calculated in accordance with the terms of the Warrants); (6) an issue for cash of Shares by the Company (other than pursuant to the share option scheme of the Company) at less than the market price (calculated in accordance with the terms of the Warrants); and (7) a cancellation of any Shares or convertible securities which have been purchased by the Company (other than on the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price. Every adjustment to the Subscription Price will be certified either by the auditors of the Company or an independent merchant bank or other financial institution selected by the Company.

Payment of the Subscription Price must be made in immediately available funds or by transfer of the Bonds (in principal amount of HK\$6,000,000 or an integral multiple thereof) in accordance with its terms (in which case, the amount paid shall be deemed to be the principal amount of the Bonds transferred) or a combination of both.

Transferability

No assignment or transfer of the Warrants may be made until 6 months after the date of issue and any such assignment or transfer thereafter may only be made if it is made to person(s) who is(are) not a connected person(s) of the Company.

Subject as aforesaid, the Warrants are transferable in amounts equivalent to the aggregate Subscription Price in respect of 100,000 Shares for the time being in force (or an integral multiple thereof).

Ranking of the New Shares

The New Shares, when issued and allotted, will rank *pari passu* with the fully paid Shares in issue on the date of allotment and issue of such New Shares.

Covenants

If at any time the aggregate amounts of the Warrants which have not been exercised is equal to or more than HK\$6,240,000, the Company undertakes that it shall not, without the prior written consent of a special resolution of the holders of the Warrants (as provided in the Warrants) but subject as hereinafter provided, issue any new Shares or any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares at a price or at total effective consideration (calculated in accordance with the terms of the Warrants), as the case may be, lower than 12 times of the consolidated earnings of the Group per Share before extraordinary, exceptional and non-recurring items as provided for in the immediately preceding published financial statements of the Company provided that the above restrictions do not apply to Shares to be issued upon the exercise of the Warrants or the Existing Warrants or the exercise of the conversion rights attached to the securities allowed to be issued under this covenant or the grant of options and Shares to be issued upon the exercise of such options pursuant to the share option scheme of the Company.

Listing

No application will be made for a listing of the Warrants on the Stock Exchange or any other stock exchange. Application will be made to the Stock Exchange for the listing of the New Shares falling to be issued upon exercise of the subscription rights attaching to the Warrants.

GENERAL MANDATE

The Warrants and the New Shares will be issued pursuant to the general mandate granted by the Shareholders at the annual general meeting of the Company held on 23 June 2006 (“General Mandate”), pursuant to which, the Company shall be entitled to issue up to 137,492,563 Shares, which remains unutilized as at the date of this announcement.

The Directors are aware that any downward adjustment of the Subscription Price may result in the Subscription Price to fall to an extent which represents a discount of 20% or more to the benchmarked price of the Shares in contravention with Rule. 13.36(5) of the Listing Rules. In this connection, the Directors undertake to procure that the Company shall not enter into any transaction (which include, among other things, consolidations, subdivisions and reclassification of Shares, capitalization of profits or reserves, capital distribution, rights issues, issue of securities at less than the then market price, modification of rights of conversion, exchange or subscription to securities from time to time) which will trigger any such downward adjustment of the Subscription Price as provided for in the Warrants such that it does not comply with the requirements under Rule. 13.36(5) of the Listing Rules.

SECURITY

Ugent Holdings, a wholly owned subsidiary of the Company, will on Closing, by executing the Share Charge, charges the Security Assets to the Security Agent by way of first fixed charge as continuing security for the payment obligations of the Company under or in respect of the Bonds.

At Closing, the Security Assets will comprise 100% of the share capital of AFEX. AFEX is a limited liability company incorporated under the laws of Hong Kong on 4 January 2002 and a major subsidiary of the Company, which has a significant contribution to the results of the Group. AFEX is an investment holding company and its principal assets are the holding of 100% of the registered capital in 深圳利滿丰源打印耗材有限公司 and 珠海利滿丰源打印耗材有限公司, each a wholly foreign owned enterprise established under the laws of the PRC. The AFEX Group is principally engaged in the operations of remanufactured/recycled toner cartridge production.

Based on the combined accounts of the AFEX Group, the consolidated net assets of the AFEX Group as at 31 December 2006 (“**Accounts Date**”) amounted to HK\$23,602,000 and the audited consolidated net profit before (and after) tax of the AFEX Group for the two financial years ended 31 December 2005 and 2006 amounted to HK\$5,790,000 (HK\$5,236,000) and HK\$29,500,000 (HK\$26,000,000) respectively. For each of the two financial years ended 31 December 2005 and 2006, the revenue of the AFEX Group was approximately HK\$55,064,000 and HK\$98,380,000.

The following illustrates the comparisons of certain results of the AFEX Group and the Group:–

	AFEX Group <i>HK\$</i>	Group <i>HK\$</i>	as a % of the Group
Consolidated net assets as at 31 December 2006	23,602,000	277,190,000	8.51%
Consolidated net profit before tax for the financial year ended 2006	29,500,000	69,747,000	42.30%
Consolidated net profit after tax for the financial year ended 2006	26,000,000	64,965,000	40.02%
Consolidated net profit (loss) before tax for the financial year ended 2005	5,790,000	(134,012,000)	N/A
Consolidated net profit (loss) after tax for the financial year ended 2005	5,236,000	(135,219,000)	N/A
Turnover for the financial year ended 2006	98,380,000	345,552,000	28.47%
Turnover for the financial year ended 2005	55,064,000	329,745,000	16.70%

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding of the Subscriber and the substantial Shareholders immediately before and after the exercise of the subscription rights attaching to the Existing Warrants and/or the Warrants (assuming no outstanding share options granted pursuant to the terms of the share option scheme adopted by the Company on 12 June 2004 will be exercised and there are no other changes to the shareholding of the Company after the date of this announcement), will be as follows:

	Existing shareholding	Approximate percentage (%)	Assuming full exercise of the Existing Warrants but none of the Warrants are exercised (Note 3)	Approximate percentage (%)	Assuming full exercise of the Existing Warrants and the Warrants (Note 3)	Approximate percentage (%)
Complete Associates Limited (Note 1)	178,194,000	22.77%	178,194,000	21.02%	178,194,000	19.71%
Ho Yin King, Helena (Note 1)	200,605,000	25.63%	200,605,000	23.66%	200,605,000	22.19%
Ho Fai Keung, Jacky (Note 1)	198,732,000	25.39%	198,732,000	23.44%	198,732,000	21.98%
Other family members of Ho Yin King, Helena and Ho Fai Keung, Jacky	22,000,000	2.81%	22,000,000	2.59%	22,000,000	2.43%
Chiu Kin Lok, Rocko (Note 2)	69,535,817	8.88%	69,535,817	8.20%	69,535,817	7.69%
Martin Currie China Hedge Fund L.P. (i.e. the Subscriber)	49,872,000	6.37%	49,872,000	5.88%	106,189,689	11.74%
NESTOR Investment Management S.A.	47,500,000	6.07%	47,500,000	5.60%	47,500,000	5.25%
Other public Shareholders	372,604,000	47.61%	437,854,000	51.64%	437,854,000	48.42%
TOTAL	782,654,817	100%	847,904,817	100%	904,222,506	100%

Note:

- (1) The 178,194,000 Shares are directly held by Sun Union Enterprises Limited which is wholly owned by Complete Associates Limited. The share capital of Complete Associates Limited is beneficially owned as to approximately 61.8% by Ms. Ho Yin King, Helena (“Helena”) and as to approximately 38.2% by Mr. Ho Fai Keung, Jacky (“Jacky”). Each of Helena and Jacky is deemed to be interested in such 178,194,000 Shares. In addition, Helena and Jacky are personally interested in 22,411,000 Shares and 20,538,000 Shares respectively. Both Helena and Jacky are the Directors of the Company.

- (2) Mr. Chiu Kin Lok, Rocko was interested in 69,535,817 Shares, of which the entire Shares were held by Art-Tech Enterprises Limited, a company in which Mr. Chiu has 100% interest.
- (3) Upon exercise in full of the Existing Warrants, 65,250,000 Shares will be allotted and issued based on the initial subscription price of HK\$0.13 per Share. Further details of the Existing Warrants are set out in the section headed “Outstanding Equity Convertible Securities” below.

REASONS FOR THE ISSUE OF THE BONDS AND THE WARRANTS AND USE OF PROCEEDS

The Group is principally engaged in the operations of remanufactured/recycled toner cartridge production, computer media production and media products distribution businesses and related businesses and activities. The net proceeds to be raised by the Group from the issue of the Bonds and the Warrants (after deducting the expenses relating thereto) will amount to approximately HK\$76,000,000. Out of the net proceeds of HK\$76,000,000, it is the intention of the Company to use (i) approximately HK\$31,000,000 for business expansion; (ii) approximately HK\$15,000,000 for repayment of bank loans of the Group; and (iii) the remaining balance of approximately HK\$30,000,000 as general working capital. If the Warrants are exercised in full and assuming all Subscription Price is paid in cash (instead of by transfer of the Bonds as set out in the section “Principal Terms of the Warrants – Subscription Price” above), the Group will raise an additional amount of approximately HK\$31,200,000. It is the current intention of the Company to use such additional amount as additional general working capital.

The Directors are of the view that although the issue of the New Shares upon exercise of the subscription rights attaching to the Warrants will lead to a dilution effect on the shareholding of the Company, such fund raising activity will improve the liquidity and gearing ratio of the Group while strengthening the capital base of the Company.

The Directors also consider that the issue of the Bonds and the Warrants, taken as a whole, is an appropriate means through which the Group can raise funds as it provides the Company with immediate funding without immediate further dilution of the shareholding of the existing shareholders of the Company notwithstanding that their Shareholding interests will be diluted if the subscription rights attaching to the Warrants are exercised. Further, if the Warrants are exercised, it is contemplated that the capital base of the Company would be enlarged and strengthened, which might benefit the Group’s future growth and development.

The terms and conditions of the Subscription Agreement, the Bonds (including the interest rate of 10% per annum), the Warrants (which will be issued at no consideration) and the charging of AFEX as security for the Bonds, were negotiated on an arm’s length basis and agreed on normal commercial terms between the Group and the Subscriber. Having considered alternative means to raise funds (e.g. by bank borrowings), the Directors consider that the terms and conditions of each of the Subscription Agreement, the Bonds (including the interest rate of 10% per annum and the charging of AFEX as security for the Bonds) and the Warrants (which will be issued at no consideration) are among the best terms obtainable under the current bank practices, market sentiment and the prevailing market interest rates, as most banks are generally reluctant to extend long term loans of significant amounts to the Group without the security of real properties. The Group owns several units in certain industrial buildings in Hong Kong, all of which have already been mortgaged to banks for financing. In respect of the charging of AFEX as security for the payment obligations of the Bonds, since the AFEX Group represents a significant contribution to the results of the Group, the Subscriber therefore requests AFEX to be charged as security. Thus, the Directors consider that the terms and conditions of the Subscription Agreement, the Bonds (including the interest rate of 10% per annum), the Warrants (which will be issued at no consideration) and the charging of AFEX as security for the Bonds are fair and reasonable and the entering into of the Subscription Agreement for the issue of the Bonds (including the interest rate of 10% per annum) and the Warrants (which will be issued at no consideration) and the charging of AFEX as security for the Bonds are in the interests of the Company and the Shareholders as a whole.

FUND RAISING IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Within the 12 months immediately prior to the date of this announcement, the Group has not undertaken any fund raising activities.

OUTSTANDING EQUITY CONVERTIBLE SECURITIES

As at the date of this announcement, (i) options in respect of 52,671,766 Shares granted under the share option scheme adopted by the Company on 12 June 2004; and (ii) Existing Warrants with an aggregate subscription price of HK\$8,482,500 (in respect of 65,250,000 Shares based on the initial subscription price of HK\$0.13 per Share) are outstanding.

The subscription price under the Existing Warrants may be subject to adjustment in the event the Company shall issue for cash of convertible securities at the total effective consideration which is less than 90% of the market price (calculated in accordance with the terms of the Existing Warrants). As certified by a firm of accountants, since the adjustment by reason of the issue of the Warrants would otherwise be less than 1 cent, under the terms of the Existing Warrants, no adjustment shall be made to such subscription price.

Save as disclosed herein, the Company does not have any outstanding equity convertible securities.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:43 a.m. on 14 June 2007 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 June 2007.

DEFINITIONS

The following words and phrases used in this announcement have the following meaning:

“AFEX”	AFEX International (HK) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company
“AFEX Group”	AFEX and its subsidiaries
“Affiliates”	of any specified person means, among other things, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonds”	the HK\$78,000,000 10% secured bonds due 2010, to be issued by the Company pursuant to the Subscription Agreement

“Bondholder”	a holder of the Bonds
“Change of Management”	occurs when: <ul style="list-style-type: none"> (i) any person or persons, acting together, other than the Major Shareholders, acquires control of the Group and is or are required to make a mandatory offer for all the Shares (other than those already owned by such person or persons and parties acting in concert with him or them) in accordance with the Code on Takeovers and Mergers; or (ii) the Group consolidates with or merges into or sells or transfers all or substantially all of the Group’s assets to any other person, corporation, partnership or any other entity
“Closing”	completion of the Subscription Agreement
“Closing Date”	the date of completion of the Subscription Agreement, which shall be on or about 30 June 2007 (or such other date as shall be agreed between the Company and the Subscriber)
“Company”	Jackin International Holdings Limited, a company incorporated under the laws of Bermuda with limited liability with its issued Shares listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Early Redemption Amount”	in respect of each Bond, its principal amount (HK\$6,000,000 each) (together with accrued but unpaid interest) plus an amount of premium (the “ Premium ”), where:– <p style="margin-left: 40px;">Premium = HK\$1,800,000 – all interests received on each Bond – any accrued but unpaid interest</p>
“Existing Warrants”	unlisted warrants of the Company in registered form issued on 24 March 2006 conferring rights entitling the registered holder(s) thereof to subscribe for up to HK\$17,872,920 in aggregate in cash for 137,484,000 new Shares at the subscription price of HK\$0.13 per Share (subject to adjustment)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party (Parties)”	third parties independent of the Company and connected persons of the Company

“Lien”	any mortgage, pledge, security interest, encumbrance, lien or charge of any kind
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Shareholders”	Ms Ho Yin King, Helena, the Chairman of the Company and/or Mr. Ho Fai Keung, Jacky and/or any of their immediate family members, and/or any of their respective associates (as defined in the Listing Rules), and/or any trusts established for the benefit of any of them and/or any of their immediate family members (the “ related trusts ”) and/or companies controlled by any of them, any of their immediate family members or related trusts and such companies’ direct or indirect subsidiaries and/or parties acting in concert (as defined in the Code on Takeovers and Mergers) with any of them
“Material Adverse Effect”	material adverse effect on the business, operations and financial position of the Group and the ability of the Company to perform its obligations under the Subscription Agreement, the Share Charge, the Bonds and the Warrants
“MC Fund”	any fund managed by Martin Currie Limited and its affiliates from time to time
“New Shares”	the new Shares to be issued by the Company upon the exercise of the subscription rights attaching to the Warrants by the holders thereof
“PRC”	the People’s Republic of China
“Security Agent”	the security agent acting on behalf of the Bondholders in relation to the Security Assets
“Security Assets”	100% of the share capital of AFEX, dividends of AFEX and other derivative assets as referred to in the Share Charge, to be charged by Ugent Holdings in favour of the Security Agent pursuant to the Share Charge
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charge”	a deed of share charge, in a form satisfactory to the Subscriber, pursuant to which Ugent Holdings will charge the Security Assets to the Security Agent by way of first fixed charge as continuing security for the payment obligations of the Company under or in respect of the Bonds
“Shareholder(s)”	holder(s) of the Shares
“Subscriber”	Martin Currie China Hedge Fund L.P.

“Subscription Agreement”	the conditional subscription agreement dated 14 June 2007 (as amended by a supplemental agreement dated 21 June 2007) entered into between the Company and the Subscriber in respect of the issue and subscription for the Bonds and the Warrants
“Subscription Period”	the period during which holders of the Warrants are entitled to subscribe for the New Shares by exercising the subscription rights attaching to the Warrants
“Subscription Price”	the sum payable in respect of each New Share to which a holder of the Warrants will be entitled upon exercise of the subscription rights represented thereby, being HK\$0.554 (subject to adjustment)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ugent Holdings”	Ugent Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Warrants”	unlisted warrants of the Company in registered form conferring rights entitling the registered holder(s) thereof to subscribe for up to HK\$31,200,000 in aggregate in cash for 56,317,689 new Shares at the Subscription Price (subject to adjustment) to be issued by the Company pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars
“US\$”	United States dollars
“%” or “per cent”	percentage

As at the date of this announcement, Ms. Ho Yin King, Helena, Mr. Ho Fai Keung, Jacky, Mr. Cheung Sze Ming and Ms. Lo Suk King are the executive directors of the Company and Dr. Li Sau Hung, Eddy, Mr. Leung Ka Kui, Johnny and Mr. Chan Kam Kwan, Jason are the independent non-executive directors of the Company.

By order of the board of
Jackin International Holdings Limited
Ho Yin King, Helena
Chairman

21 June 2007, Hong Kong

Please also refer to the published version of this announcement in The Standard.