JACKIN

JACKIN INTERNATIONAL HOLDINGS LIMITED
輝影國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007

The Board of Directors (the "Board") of Jackin International Holdings Limited (the "Company") is pleased to announce the interim condensed consolidated results of the Company and its subsidiaries (the "Group"), for the six months ended 30 June 2007 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2007	2006
		Unaudited	Unaudited
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**179,727**	167,597
Cost of sales		**(116,645)**	(115,493)
Gross profit		**63,082**	52,104
Other revenue		**2,840**	2,443
Distribution costs		**(11,539)**	(10,800)
Administrative expenses		**(20,687)**	(21,747)
Share-based payment		**(2,000)**	(2,800)
Profit from operations		**31,696**	19,200
Finance costs		**(8,236)**	(10,463)
Gain from a legal claim	*4*	**–**	58,592
Profit before taxation	*5*	**23,460**	67,329
Income tax	*6*	**(950)**	(49)
Profit for the period		**22,510**	67,280
Dividends	*7*	**–**	–
		HK cents	*HK cents*
Earnings per share	*8*		
Basic		**3.10**	9.79
Diluted		**2.72**	–

* *For identification purpose only*

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 June 2007 Unaudited** *HK$'000*	31 December 2006 Audited *HK$'000*
Non-current assets			
Property, plant and equipment		**105,076**	99,344
Intangible assets		**42,878**	37,198
Goodwill		**39,545**	39,545
		187,499	176,087
Current assets			
Inventories		**152,766**	128,958
Trade and other receivables		**234,502**	233,838
Other financial assets		**11,726**	–
Cash and cash equivalents		**96,437**	14,352
		495,431	377,148
Current liabilities			
Trade and other payables		**72,831**	72,272
Other financial liabilities		**11,622**	–
Bank and other borrowings		**170,962**	167,029
Obligations under finance leases		**7,127**	11,455
Current taxation		**4,582**	4,619
		267,124	255,375
Net current assets		**228,307**	121,773
Total assets less current liabilities		**415,806**	297,860
Non-current liabilities			
Secured bonds	*10(ii)*	**78,000**	–
Deferred taxation		**1,789**	1,789
Bank and other borrowings		**19,065**	15,527
Obligations under finance leases		**1,937**	3,354
		100,791	20,670
NET ASSETS		**315,015**	277,190
Capital and reserves			
Share capital	*9(i)*	**78,376**	68,746
Reserves		**236,639**	208,444
TOTAL EQUITY		**315,015**	277,190

Notes:

1. Basis of Preparation

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard 34 (HKAS 34) *"Interim Financial Reporting"*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2006.

2. Principal Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the adoption of new and amended Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2007, as follows:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)–Int 8	Scope of HKFRS 2
HK(IFRIC)–Int 9	Reassessment of Embedded Derivative
HK(IFRIC)–Int 10	Interim Financial Reporting and Impairment

The adoption of these new changes and amendments did not have a material impact on the Group's results of operations or financial position.

3. Segment Information

	Six months ended 30 June			
	2007		2006	
	Turnover	**Unaudited Contribution to profit from operations**	Turnover	Unaudited Contribution to profit from operations
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
By business segments				
Remanufacture and sale of computer printing and imaging products	**102,300**	**40,061**	62,635	24,960
Manufacture and sale of data media products	**52,645**	**10,744**	54,906	15,240
Distribution and sale of data media products	**24,782**	**1,774**	50,056	3,483
	179,727	**52,579**	167,597	43,683
Unallocated corporate expenses		**(20,883)**		(24,483)
Profit from operations		**31,696**		19,200
Finance costs		**(8,236)**		(10,463)
Gain from a legal claim		**–**		58,592
Profit before taxation		**23,460**		67,329
By geographical segments				
Asia				
– The People's Republic of China (including Hong Kong SAR)	**66,107**		76,730	
– Other regions in Asia	**43,959**		37,216	
Europe	**20,873**		14,807	
North and South America	**48,788**		38,844	
	179,727		167,597	

4. Gain from a Legal Claim

Following the publication of the final arbitration award (the "Award") made on 30 July 2005 in respect of the arbitration proceedings between a subsidiary of the Company (the "Subsidiary") and a former customer, IBM Engineering Technology (Shanghai) Co. Ltd. and the enforcement decision made by the Shanghai First Intermediate People's Court (the "Court") on 7 April 2006, the Subsidiary had received an aggregate sum of US$15,360,839 (approximately HK$118,775,743) from the Court as recovery in relation to the Award by about 8 June 2006.

The gain from a legal claim in 2006 amounted to approximately HK$58.6 million which represented the proceeds from the Award less direct losses recognised in respect of the arbitration proceedings.

5. Profit before Taxation

	Six months ended 30 June	
	2007	2006
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of goodwill	–	–
Amortisation of intangible assets	**2,790**	2,507
Depreciation of property, plant and equipment	**6,323**	10,449

6. Income Tax

	Six months ended 30 June	
	2007	2006
	Unaudited	Unaudited
	HK$'000	*HK$'000*
The charge comprises:		
Profits tax for the period		
Hong Kong	**950**	–
Overseas	**–**	49
	950	49

Hong Kong Profits Tax is calculated at 17.5% (six months ended 30 June 2006: 17.5%) of the estimated assessable profit for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdiction.

7. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

8. Earnings Per Share

(i) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$22,510,000 (30 June 2006: HK$67,280,000) and the weighted average of 725,580,150 ordinary shares (30 June 2006: 687,462,817 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	30 June 2007	30 June 2006
	Number of shares	Number of shares
Issued ordinary shares at beginning of period	**687,462,817**	687,462,817
Effect of new shares issue pursuant to exercise of share options	**10,745,000**	–
Effect of new shares issue pursuant to exercise of unlisted warrants	**27,372,333**	–
Weighted average number of ordinary shares at end of period	**725,580,150**	687,462,817

(ii) ***Diluted earnings per share***

The calculation of diluted earnings per share for the six months ended 30 June 2007 is based on the profit attributable to ordinary equity shareholders of the Company of HK$22,510,000 and the weighted average of 828,630,290 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares calculated as follows:

Weighted average number of ordinary shares (diluted)

	30 June 2007 Number of shares
Weighted average number of ordinary shares at end of period	**725,580,150**
Effect of deemed issue of ordinary shares in relation to unlisted warrants issued	**77,430,122**
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**25,620,018**
Weighted average number of ordinary shares (diluted) at end of period	**828,630,290**

Diluted earnings per share for the six months ended 30 June 2006 was not presented as there were no dilutive potential ordinary shares outstanding during such period.

9. Share Capital

(i) ***Authorised and issued share capital***

	Number of shares	**Amount** *HK$'000*
Shares of HK$0.10 each		
Authorised:		
At 1 January 2006, 1 January 2007 and 30 June 2007	1,000,000,000	100,000
Issued and fully paid:		
At 1 January 2006 and 1 January 2007	687,462,817	68,746
Issue of new shares pursuant to exercise of share options	24,068,000	2,407
Issue of new shares pursuant to exercise of unlisted warrants	72,234,000	7,223
At 30 June 2007	783,764,817	78,376

(ii) Terms of unexpired and unexercised share options at period end

Exercise period	Exercise price	**30 June 2007** **Number**	30 June 2006 Number
25 January 2005 to 24 January 2015	HK$0.158	**22,161,766**	45,829,766
3 May 2007 to 2 May 2008	HK$0.293	**29,200,000**	N/A

Each option entitles the holder to subscribe for one ordinary share in the Company.

(iii) Terms of unexpired and unexercised unlisted warrants at period end

Exercise period	Exercise price	**30 June 2007** **Number**	30 June 2006 Number
24 March 2006 to 23 March 2009 *(Note 1)*	HK$0.130	**65,250,000**	137,484,000
28 December 2007 to 27 June 2010 *(Note 2)*	HK$0.554	**56,317,689**	N/A

Each warrant entitles the holder to subscribe for one ordinary share in the Company.

Notes:

(1) Further details of these warrants are set out in note 10 (i) to the interim condensed consolidated financial statements.

(2) Further details of these warrants are set out in note 10 (ii) to the interim condensed consolidated financial statements.

10. Unsecured Notes/Secured Bonds and Unlisted Warrants

(i) Unsercured Notes and Unlisted Warrants

Pursuant to several subscription agreements ("Subscription Agreements") entered into between a wholly-owned subsidiary of the Company (the "Issuer") and certain independent third parties (the "Subscribers") on 28 December 2005, the Issuer issued, and the Subscribers subscribed for, notes (the "Notes") in the aggregate principal of HK$25 million on 24 March 2006. The Notes were unsecured and carried interest at 10% per annum. In accordance with the provisions of the Notes, the Issuer redeemed the Notes in full in June 2006.

On 24 March 2006, pursuant to the Subscription Agreements, the Company issued, at zero consideration, to the Subscribers of unlisted warrants (the "Unlisted Warrants") of the Company conferring rights entitling the holders to subscribe for up to HK$17,872,920 in aggregate in cash for 137,484,000 new shares of HK$0.10 each of the Company at an initial subscription price of HK$0.13 per share, subject to adjustment. The Unlisted Warrants are exercisable within a period of three years from 24 March 2006 to 23 March 2009.

(ii) Secured Bonds and Unlisted Warrants

On 27 June 2007, the Company issued, and Martin Currie China Hedge Fund L.P. ("Martin Currie"), a substantial shareholder of the Company, subscribed for secured bonds (the "Bonds") in the aggregate principal of HK$78 million. The Bonds were secured, carried interest at 10% per annum and repayable three years after the date of issue of the Bonds. On the same date, the Company issued, by way of bonus, to Martin Currie of unlisted warrants (the "Warrants") of the Company conferring rights entitling the holders to subscribe for up to HK$31.2 million in aggregate in cash for 56,317,689 new shares of HK$0.10 each of the Company at an initial subscription price of HK$0.554 per share, subject to adjustment. The Warrants are exercisable within a period from 28 December 2007 to 27 June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months ended 30 June 2007, the Group achieved a turnover of approximately HK$179.7 million, representing an increase of 7% as compared with HK$167.6 million in the same period in 2006. Profit attributable to ordinary equity shareholders of the Company amounted to approximately HK$22.5 million, while that in the same period last year was approximately HK$67.3 million, which included an one-off exceptional gain of HK$58.6 million from an arbitration award granted to the Group's subsidiary.

Review of operations

With the successful shift in focus, the Group has transformed into a player in the recycling/environmental protection industry engaging in the business of reducing, reusing and recycling used toner cartridges and their components. Remanufactured/recycled toner cartridge production has become the Group's core business segment. During the period under review, remanufactured/recycled toner cartridge production recorded substantial growth in sales and delivered higher margins, while computer media production and media products distribution continued to bring in stable revenue to the Group.

Remanufactured/recycled toner cartridge production

During the period under review, remanufactured/recycled toner cartridges recorded a substantial increase in sales, up 63% from approximately HK$62.6 million in the last corresponding period to approximately HK$102.3 million, accounting for 57% of the Group's total turnover.

The Group's major markets are the United States, Asia Pacific (including Australia) and Europe, which contributed 44%, 37% and 19% of total segmental sales respectively. During the review period, the Group achieved strong sales via its own distribution channels in the US and Europe. The Group made substantial investments in inventories dedicated to these regions in order to meet the demands of large OEM customers and provide quick delivery time. Also, the Group purchased certain niche and popular models and held extra empties in stock in order to cope with increasing demand in this sector.

Remanufactured/recycled toner cartridge was the key product that contributed to the growth of the Group's turnover and profit during the review period. With knowledge and experience accumulated over the past few years in developing this product, the Group boasts mastery of the labor intensive production process which also requires strong technical know-how. In addition, the quality of the Group's recycled toner cartridges has been certified by the Standardized Test Method Committee.

Profiting from advanced US technologies coupled with the devoted efforts of its own research and development team, the Group has developed over 250 different models of remanufactured toner cartridges for almost all major brands including Hewlett-Packard, Canon, Xerox, Brother, Panasonic, Samsung and Dell, just to name a few. During the review period, the Group made notable strides in recycling toner components, which helped to further improve the profit margins for this business segment.

As one of the largest recycled toner manufacturers in the world, another key success factor of the Group lies in its ability to source used toner cartridges, especially those models that are in scarce supply in the market. However, that means the Group needs to maintain higher inventory levels and working capital.

During the review period, the Group expanded facilities for recycling toner components at its two production plants in Zhuhai and Shenzhen, the PRC. The Group will continuously look at ways to boost its production capacity and enhance cost effectiveness.

Computer media production

During the period under review, sales of computer media production amounted to HK$52.6 million and accounted for approximately 29% of the Group's total revenue. The PRC and other Asian countries remained as the Group's major markets, accounting for 30% and 59% of total sales of computer media production.

The consolidation of the computer media production industry continued to benefit the Group. During the review period, the Group started to supply its products to the largest manufacturer in the US which had ceased its own production efforts and outsourced to the Group. As a chief supplier in this sector, the Group enjoyed a strengthened position and continued to receive substantial orders from its long-term customers. The Group expects demand to remain stable in the next few years.

Since the Group completed automation of its production processes in 2005, it has been able to cut labor cost by 50%. During the period under review, the Group was able to further reduce the number of laborers employed in the production process. In addition, as the Group has installed its own power generators, it has been able to maintain production even during power shortages in the PRC.

Distribution of media products

The distribution business segment recorded sales of approximately HK$24.8 million, accounting for 14% of the Group's total turnover. As the Group's distribution business is located in the PRC, appreciation of the Renminbi during the review period helped to improve the profit margin of this business.

After the Group obtained the sole distribution right for an additional line of data media products in the PRC from a major computer product vendor in December 2005, it has engaged in both the manufacturing and distribution of such products. The Group will continue to seek distributorship of new computer products, particularly digital imaging and consumable data recording products, from renowned brand names.

Prospects

After shifting from pure manufacturing to the recycling/environment protection industry, remanufactured toner cartridge production has become the Group's key business segment and will continue to be the major growth driver in the future. The Group expects global demand for digital imaging products to continue to grow driven by massive information downloads from and transfers via the internet. The global recycling trend is also fuelling robust growth in demand for environmental friendly products. To capitalize on these trends, the Group will continue to expand its remanufactured/recycled toner cartridge business.

Apart from strengthening its existing markets in the US, Europe and Australia, targeting several leading stationery brands, the Group also plans to explore new markets such as the Middle East and the PRC. The Group plans to capitalize on its already well-established distribution network for media products in Mainland China to market its recycled toner cartridges in various parts of the country. The Group will further invest in inventories to support distribution via its own channels in the US, Europe and the PRC. It will also stock spare empties based on healthy cashflow planning and sales projections.

The Group will continue to strengthen research and development so as to further widen the remanufactured color toner cartridge product line. Moreover, the Group will engage in the research and development of recycling other toner components. To cater to the increasing orders for remanufactured toner cartridges, the Group will continuously look at ways to boost its production capacity and enhance cost effectiveness.

Regarding computer media production, the number of suppliers has been declining globally, and this consolidation in the industry will continue to benefit the Group. Having established a strong footing in the industry, the Group expects demand from its major clients for blank information storage media products to remain stable. Already, the Group has been successfully distributing media products of a well-known Japanese brand in Mainland China.

Meanwhile, the Group expects steady growth for its media product distribution business. The Group enjoys an optimum margin in manufacturing and distributing an additional line of media products for a major computer product vendor. The Group also expects to continue to benefit from the appreciation of the Renminbi as its distribution revenue is mainly generated in the PRC.

With proven ability to reduce, reuse and recycle, and a well established customer base and distribution network, the Group is poised to capture opportunities in the thriving global market, and in turn achieve satisfactory returns for its shareholders.

FINANCIAL REVIEW

Financial Results

For the six months period ended 30 June 2007, the Group recorded a turnover of HK$179.7 millions, representing an increase of 7% compared with HK$167.6 million in the same period in 2006. The Group's profit attributable to ordinary equity shareholders amounted to HK$22.5 million for the current period (2006: HK$67.3 million which included an one-off gain of HK$58.6 million from a legal claim). Basic earnings per share for the current period was HK3.10 cents as compared with that of HK9.79 cents in 2006.

Capital and debt structure

As at 30 June 2007, the Group's total net assets was approximately HK$315 million (31 December 2006: HK$277 million), representing approximately HK$38 million increase compared with that of previous year, mainly due to the net profit achieved and the share issue proceeds from exercise of unlisted warrants and share options during the period.

As at 30 June 2007, the Group's total borrowings including finance lease obligations increased by HK$2 million to HK$199 million (31 December 2006: HK$197 million), of which HK$178 million was payable within one year and HK$21 million was payable after one year. The majority of the Group's borrowings were import and export loans which amounted to HK$132 million (31 December 2006: HK$136 million). Term loans were increased from HK$15 million in 31 December 2006 to HK$25 million in 30 June 2007 due to the secured bonds issued to one of the substantial shareholders. Most of the Group's borrowings are denominated in Hong Kong dollars and subject to floating interest rates. Hence the risk of currency exposure was minimal. The Group's total cash and cash equivalents amounted to approximately HK$96 million (31 December 2006: approximately HK$14 million), representing an increase of approximately HK$82 million.

The Group's net debt to equity ratio was kept at 0.6 as at 30 June 2007 (31 December 2006: 0.7), which is determined by total borrowings net of cash and cash equivalents over total net assets.

Subsequent to the balance sheet date, after receiving the proceeds from the secured bonds, the Group repaid its certain short-term borrowings and has improved its working capital position and liquidity.

The Group is reforming with banks and other financial institutions to rely more on long-term borrowings to finance the operations and to save finance costs. If the cash position is improved together with the increasing cash proceeds from operations, we may consider declaring dividends in future.

Working capital and liquidity

As at 30 June 2007, the Group's current ratio and quick ratio were 1.9 and 1.3 respectively (31 December 2006: 1.5 and 1.0). Inventory turnover on sales increased to 155 days (31 December 2006: 136 days) primarily due to the expansion of remanufactured toner business which raised the required inventory level for production and stocking in its distribution channels during the period. It was also due to inventories stocked in our distribution channels to provide quick delivery service to large OEM customers overseas. Receivable turnover increased to 128 days (31 December 2006: 100 days) which was mainly due to increase in turnover.

Issuance of Secured Bonds and Unlisted Warrants

On 27 June 2007, the Company issued, and Martin Currie China Hedge Fund L.P. ("Martin Currie"), the Company's substantial shareholder, subscribed for secured bonds (the "Bonds") in the aggregate principal of HK$78 million. The Bonds were secured, carried interest at 10% per annum and repayable three years after the date of issue of the Bonds. On the same date, the Company issued, by way of bonus, to Martin Currie of unlisted warrants (the "Warrants") of the Company conferring rights entitling the holders to subscribe for up to HK$31.2 million in aggregate in cash for 56,317,689 new shares of HK$0.10 each of the Company at an initial subscription price of HK$0.554 per share, subject to adjustment. The Warrants are exercisable within a period from 28 December 2007 to 27 June 2010.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2007, the number of employees of the Group was approximately 1,100. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account the current industry practices. Remuneration package of employees includes salaries, insurance and medical cover, mandatory provident fund and share option scheme. Other employee benefits include educational allowance and discretionary bonuses.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007, save for the following deviations:

CG Code Provision A.2.1

Under this code provision, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Ms. Ho Yin King, Helena was the Chairman of the Board and the managing director of the Company (The Company regards the role of its managing director to be same as that of chief executive officer under the CG Code) during the six months ended 30 June 2007.

The Company considers that the extensive experience and marketing network established by Ms. Ho is critical for the business and future development of the Company. Hence, the Company believes that it is in the best interest of its shareholders that Ms. Ho will remain the Chairman and the managing director of the Company. However, the Company will review the current structure when and as it becomes appropriate in future.

CG Code Provision A.4.1

Under this code provision, the non-executive directors should be appointed for a specific term, subject to re-election.

Currently, the three independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company, and their appointment will be reviewed when they are due for re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2007.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, Dr. Li Sau Hung, Eddy, Mr. Leung Ka Kui, Johnny and Mr. Chan Kam Kwan, Jason. The Audit Committee has reviewed the management accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2007.

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

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The 2007 interim report containing all the information required by the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.irasia.com/listco/hk/jackin/index.htm in due course.

By Order of the Board
Ho Yin King, Helena
Chairman

Hong Kong, 31 August 2007

As at the date of this announcement, Ms. Ho Yin King, Helena, Mr. Ho Fai Keung, Jacky, Mr. Cheung Sze Ming, 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.