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 2010

The Board of Directors (the "Board") of Jackin International Holdings Limited (the "Company") announces the interim condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 together with comparative figures for the previous period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2010	2009
		Unaudited	Unaudited
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**99,821**	141,567
Cost of sales		**(124,310)**	(95,998)
Gross (loss) profit		**(24,489)**	45,569
Other revenue		**26**	689
Other income		**86**	–
Distribution costs		**(9,050)**	(10,979)
Administrative expenses		**(44,825)**	(33,987)
Share-based payment expenses		**(20,464)**	–
Change in fair value of derivative and embedded derivative components of a convertible bond		**(12,457)**	7,979
Impairment losses	*4*	**(9,479)**	–
Finance costs		**(17,488)**	(21,679)
Loss before taxation	*5*	**(138,140)**	(12,408)
Income tax expense	*6*	**(2)**	(98)
Loss for the period		**(138,142)**	(12,506)

* *For identification purposes only*

	Note	Six months ended 30 June	
		2010	2009
		Unaudited	Unaudited
	Note	***HK$'000***	*HK$'000*
Other comprehensive income			
Exchange differences arising on translation		**992**	219
Other comprehensive income for the period, net of tax		**992**	219
Total comprehensive expense for the period		**(137,150)**	(12,287)
Loss for the period attributable to:			
– Owners of the Company		**(137,914)**	(12,500)
– Non-controlling interests		**(228)**	(6)
		(138,142)	(12,506)
Total comprehensive expense for the period attributable to:			
– Owners of the Company		**(136,922)**	(12,281)
– Non-controlling interests		**(228)**	(6)
		(137,150)	(12,287)
Loss per share	*8*		
Basic		**(10.42) cents**	(1.55) cents
Diluted		**(10.42) cents**	(1.55) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2010 Unaudited *HK$'000***	31 December 2009 Audited *HK$'000*
Non-current assets			
Property, plant and equipment		**55,592**	71,726
Intangible assets		**44,866**	50,346
Goodwill		**–**	–
Deferred tax assets		**1,131**	1,131
		101,589	123,203
Current assets			
Inventories		**116,469**	150,439
Trade and other receivables	*9*	**88,923**	67,681
Consideration receivable for disposal of subsidiaries		**–**	20,000
Early redemption option of a convertible bond		**–**	12,457
Tax recoverable		**168**	168
Bank balances and cash		**66,144**	17,835
		271,704	268,580
Non-current assets held for sale		**17,200**	–
Total current assets		**288,904**	268,580
Current liabilities			
Trade and other payables	*10*	**52,530**	79,323
Bank and other borrowings		**13,291**	27,500
Notes payable	*12*	**–**	36,617
Obligations under finance leases		**3,782**	6,592
Embedded conversion option of a convertible bond		**–**	–
Tax payable		**11,004**	11,696
		80,607	161,728
Net current assets		**208,297**	106,852
Total assets less current liabilities		**309,886**	230,055
Non-current liabilities			
Bank and other borrowings		**6,734**	7,129
Obligations under finance leases		**273**	1,159
Deferred tax liabilities		**7,568**	7,568
Convertible bonds		**223,578**	229,103
		238,153	244,959
		71,733	(14,904)
Capital and reserves			
Share capital	*11*	**134,375**	109,310
Reserves		**(62,414)**	(124,214)
Equity attributable to owners of the Company		**71,961**	(14,904)
Non-controlling interests		**(228)**	–
		71,733	(14,904)

Notes:

1. **Basis of preparation**

The interim condensed consolidated financial information have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and it should be read in conjunction with the Group's annual financial statements as at 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. **Principal accounting policies**

The interim condensed consolidated financial information have been prepared on historical cost basis, except for certain assets and liabilities that are measured at their fair value, as appropriate.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The amendment to HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" issued in 2009 as part of the Improvements to HKFRSs clarifies the disclosure required in respect of non-current assets classified as held for sale. It states that disclosure requirements of other HKFRSs do not apply to non-current assets classified as held for sale unless those HKFRSs have specific disclosure requirement in respect of such assets or disclosures relate to the measurement of an individual asset which follows other HKFRSs and the information is not disclosed elsewhere in the financial statements.

The application of the other new and revised HKFRSs had no effect on the financial report of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 February 2010
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

	Six months ended 30 June			
	2010		2009	
	Unaudited		Unaudited	
	Turnover	**Segment (loss) profit**	Turnover	Segment profit (loss)
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Operating segments				
Remanufacture and sale of computer printing and imaging products	**46,578**	**(44,018)**	116,480	36,285
Manufacture and sale of data media products	**31,217**	**(1,869)**	18,694	1,790
Distribution of data media products	**6,022**	**1,314**	6,393	(2,796)
Trading of minerals	**16,004**	**782**	–	–
	99,821	**(43,791)**	141,567	35,279
Unallocated operating expenses		**(64,404)**		(33,987)
Change in fair value of derivative and embedded derivative components of a convertible bond		**(12,457)**		7,979
Finance costs		**(17,488)**		(21,679)
Loss before taxation		**(138,140)**		(12,408)

Segment (loss) profit represents the (loss) profit attributable to each segment without allocation of administrative expenses, directors' emoluments, change in fair value of derivative and embedded derivative components of a convertible bond and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

3. **Segment information (Continued)**

The following is an analysis of the Group's assets by operating segments:

	30 June 2010	31 December 2009
	Unaudited	Audited
	HK$'000	*HK$'000*
Remanufacture and sale of computer printing and imaging products	**224,485**	274,325
Manufacture and sale of data media products	**40,980**	61,751
Distribution of data media products	**6,971**	6,672
Trading of minerals	**95,242**	–
	367,678	342,748
Unallocated corporate assets	**22,815**	49,035
Total segment assets	**390,493**	391,783

All assets are allocated to reportable segments other than deferred tax assets, tax recoverable, consideration receivable for the disposal of subsidiaries and early redemption option of a convertible bond.

4. **Impairment losses**

	Six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Impairment losses on		
– property, plant and equipment	**688**	–
– trade and other receivables	**8,791**	–
	9,479	–

5. Loss before taxation

	Six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Amortisation of intangible assets	**5,480**	4,935
Depreciation of property, plant and equipment	**7,641**	4,156
Cost of inventories recognised as an expense	**82,164**	64,469
Impairment losses on inventories (included in cost of sales)	**10,956**	–

6. Income tax expense

	Six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
	HK$'000	*HK$'000*
The charge comprises:		
Profits tax for the period		
Hong Kong	**–**	70
Overseas	**2**	28
	2	98

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdiction.

7. Interim dividend

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend.

8. Loss per share

(i) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$137,914,000 (30 June 2009: HK$12,500,000) and the weighted average of 1,323,858,231 ordinary shares (30 June 2009: 808,003,484 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	30 June 2010	30 June 2009
	Number of shares	*Number of shares*
Issued ordinary shares at beginning of period	**1,093,098,505**	798,786,817
Effect of new shares issued under share option scheme	**430,959**	–
Effect of new shares issued on conversion of convertible bonds	**31,835,616**	–
Effect of new shares issued on exercise of warrants	**–**	4,066,667
Effect of new shares issued under subscription shares	**198,493,151**	5,150,000
Weighted average number of ordinary shares at end of period	**1,323,858,231**	808,003,484

(ii) Diluted loss per share

The calculation of diluted loss per share for the period ended 30 June 2009 and 2010 does not assume the conversion of a subsidiary's convertible bond. The directors of the Company consider that the value of the subsidiary is lower than the exercise price as the subsidiary had consolidated net liabilities as at 30 June 2010 and 30 June 2009.

The diluted loss per share for the period ended 30 June 2010 is the same as the basic loss per share as the conversion of the Company's outstanding convertible bonds and share option would result in a decrease in basic loss per share. The diluted loss per share for the period ended 30 June 2009 is the same as the basic loss per share as the conversion of the Company's outstanding convertible bonds, share option and warrants would result in a decrease in basic loss per share.

9. Trade and other receivables

	30 June 2010	31 December 2009
	Unaudited	Audited
	HK$'000	*HK$'000*
Trade and bill receivables	**50,015**	64,040
Less: Impairment loss recognised on trade receivable	**(18,685)**	(9,896)
	31,330	54,144
Other deposits, prepayments and other receivables	**57,593**	13,537
	88,923	67,681

The Group allows an average credit period of 30 to 120 days to its trade customers (for the year ended 31 December 2009: 60 to 180 days). The ageing analysis of trade and bill receivables that are neither individually nor collectively considered to be impaired are as follows:

	30 June 2010	31 December 2009
	Unaudited	Audited
	HK$'000	*HK$'000*
Neither past due nor impaired	**14,093**	11,882
Less than 3 months past due	**6,163**	7,313
3 to 6 months past due	**634**	297
Over 6 months past due	**10,440**	34,652
	17,237	42,262
	31,330	54,144

As at 30 June 2010, included in other deposits, prepayment and other receivables of HK$39,000,000 (equivalent to US$5,000,000) represented the refundable deposits of acquisition of 100% of the entire issued share capital of SE Metal Resource Corp.

10. Trade and other payables

	30 June 2010 Unaudited ***HK$'000***	31 December 2009 Audited *HK$'000*
Trade and bill payables	**22,933**	35,404
Accruals and other payables	**29,220**	41,200
Amount due to a related company	**377**	1,999
Amounts due to directors	**–**	720
	52,530	79,323

The amount due to a related company, Titron Industries Limited ("Titron"), in which Yip Wai Lun, Alvin ("Mr. Yip") being the common director, is unsecured, interest-free and repayable on demand.

Amounts due to directors were unsecured, interest-free and repayable on demand.

The aged analysis of trade and bill payables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2010 Unaudited ***HK$'000***	31 December 2009 Audited *HK$'000*
By date of invoice:		
Within 3 months	**16,960**	25,536
Over 3 months but within 6 months	**1,661**	4,298
Over 6 months but within 9 months	**1,319**	4,580
Over 9 months but within 12 months	**2,566**	685
Over 1 year	**427**	305
	22,933	35,404

11. Share capital

		Number of shares	Amount
		'000	*HK$'000*
Authorised:			
Ordinary shares of HK$0.10 each			
At 1 January 2009, 31 December 2009 and 30 June 2010		2,000,000	200,000
Issued and fully paid:			
At 1 January 2009		798,787	79,879
Shares issued under share option scheme	*(a)*	13,744	1,374
Shares issued on exercise of warrants	*(b)*	121,568	12,157
Issue of subscription shares	*(c)*	159,000	15,900
At 31 December 2009		1,093,099	109,310
Shares issued under share option scheme	*(d)*	650	65
Shares issued on conversion of convertible bonds	*(e)*	40,000	4,000
Issue of subscription shares	*(f)*	210,000	21,000
At 30 June 2010		1,343,749	134,375

(a) On 11 September 2009, options were exercised to subscribe for 13,744,000 ordinary shares in the Company at a consideration of HK$2,172,000 of which HK$1,374,000 was credited to share capital and the balance of HK$798,000 was credited to the share premium account. HK$1,319,000 was transferred from the capital reserve to the share premium account.

(b) During the year ended 31 December 2009, warrants were exercised to subscribe for 65,250,000 ordinary shares at exercise price of HK$0.13 per share and 56,317,689 ordinary shares at exercise price of HK$0.554 per share, at total consideration of HK$39,682,000 of which HK$12,157,000 was credited to share capital and the balance of HK$27,525,000 was credited to the share premium account. The equity component of the warrants HK$2,729,000 was transferred from the capital reserve to the share premium account.

(c) On 11 February 2009, Sun Union Enterprises Limited ("Sun Union"), a substantial shareholder of the Company, entered into a placing agreement and agreed to place a maximum of 80,000,000 existing shares of the Company at HK$0.30 per share to independent third parties ("Placing"). Sun Union also entered into a subscription agreement with the Company and agreed to subscribe a maximum of 80,000,000 new ordinary shares of HK$0.10 each in the share capital of the Company at the subscription price of HK$0.30 per share ("Subscription"). The subscription price of HK$0.30 representing a premium of approximately 9.09% over the closing market price of the Company's share on 10 February 2009.

(d) During the period ended 30 June 2010, options were exercised to subscribe for 650,000 ordinary shares in the Company at a consideration of HK$511,000 of which HK$65,000 was credited to share capital and the balance of HK$446,000 was credited to the share premium account.

(e) During the period ended 30 June 2010, convertible bonds amounting to HK$10,000,000 were converted into 40,000,000 ordinary shares at the fixed conversion price of HK$0.25 per share.

(f) On 18 January 2010, the Company allotted and issued an aggregate of 210,000,000 ordinary shares by way of placing to independent investors at a price of HK$0.95 per share. The net proceeds after net of share issue expense of approximately HK$193,515,000 were used for the acquisition of the entire issued share capital of SE Metal Resource Corp and general working capital.

All shares issued during 2010 and 2009 rank pari passu with the then existing shares in issue in all respects.

12. Notes Payable and Unlisted Warrants

(i) Unlisted Warrants issued in 2006

On 24 March 2006, pursuant to several subscription agreements entered into between the Company and certain independent third parties (the "Subscribers"), the Company issued, at zero consideration, to the Subscribers of 137,484,000 unlisted warrants of the Company conferring rights entitling the holders to subscribe for up to $17,872,920 in aggregate in cash for 137,484,000 new shares of $0.10 each of the Company at an initial subscription price of $0.13 per share. The Warrants are exercisable within a period of three years from 24 March 2006 to 23 March 2009. 72,234,000 of these warrants were exercised during the year ended 31 December 2007 and the remaining 65,250,000 of these warrants were exercised during the year ended 31 December 2009.

(ii) Secured Notes and Unlisted Warrants issued in 2007

Pursuant to a subscription agreement (the "2007 Subscription Agreement") entered into between the Company and Martin Currie China Hedge Fund L.P. ("Martin Currie"), a substantial shareholder of the Company, on 14 June 2007, the Company issued, and Martin Currie subscribed for, notes (the "Secured Notes") in the aggregate principal of $78 million on 27 June 2007. The Secured Notes carry interest at a fixed rate of 10% per annum and are repayable by 27 June 2010. The Secured Notes was redeemed during the period ended 30 June 2009 pursuant to a subscription agreement in relation to the issue of convertible bonds, at HK$79,950,000 which included the principal amount of the Secured Notes plus accrued interests.

In addition, on 27 June 2007, pursuant to the 2007 Subscription Agreement, the Company issued, at zero consideration, to Martin Currie 56,317,689 unlisted warrants of the Company conferring rights entitling the holders to subscribe for up to $31,200,000 in aggregate in cash for 56,317,689 new shares of $0.10 each of the Company at an initial subscription price of $0.554 per share. The warrants are detachable and exercisable within a period of two and half years from 28 December 2007 to 27 June 2010. During the year ended 31 December 2009, all unlisted warrants were exercised.

(iii) Guaranteed notes issued in 2008

Pursuant to a subscription agreement entered into between the Company and Martin Currie on 6 October 2008, the Company issued, and Martin Currie subscribed for, notes (the "Guaranteed Notes") in the aggregate principal of HK$31,200,000. The Guaranteed Notes carry interest at a fixed rate of 15% per annum and are repayable by 27 June 2010. The Guaranteed Notes were guaranteed by a substantial shareholder of the Company. The Guaranteed Notes were redeemed during the period ended 30 June 2010.

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

The period under review was another difficult period for the manufacturing businesses of the Group, in particular the operation in remanufacturing and sale of computer printing and imaging products. For the six months ended 30 June 2010, the Group's turnover decreased by 29% to approximately HK$99.8 million, compared to approximately HK$141.6 million for the corresponding period of last year. The gross margin of the Group during the period was eroded by the high direct manufacturing and material costs, which coupled with the decrease in turnover, has resulted in the Group recording gross loss of approximately HK$24.5 million, compared to gross profit of approximately HK$45.6 million for the six months ended 30 June 2009. Loss attributable to owners of the Company for the six months ended 30 June 2010 was approximately HK$137.9 million, compared to approximately HK$12.5 million for the corresponding period of last year.

Business Review

Manufacturing

The manufacturing businesses of the Group comprise three divisions: the remanufacturing and sale of computer printing and imaging products, the manufacture and sale of data media products and the distribution of data media products. The business environment for the manufacturing operations of the Group remains competitive and challenging. As is common to all manufacturers in the Pearl River Delta Region of Mainland China, the Group's factories in Shenzhen and Zhuhai had to cope with the increase in labour costs as resulted from the implementation of the new national labour laws and the shortage of workers in the period under review, which had further pushed up the wages levels of the workers. The prices of empty cartridges, which are the main raw materials used in the Group's remanufactured products, had also escalated during the period under review. This has also affected the profitability of the Group during the period under review.

Remanufacture and sale of computer printing and imaging products

For the six months ended 30 June 2010, the Group's operation in remanufacture and sale of recycled toner cartridge and computer printing and imaging products suffered from a substantial drop in turnover, with decrease in sale of 60% from approximately HK$116.5 million for the six months ended 30 June 2009 to approximately HK$46.6 million for the period under review. The division recorded a segment loss of approximately HK$44 million for the period under review, compared to a segment profit of approximately HK$36.3 million for the corresponding period of last year. The resulted unsatisfactory performance was attributable to the continued high production and raw material costs for this division. The remanufacture business was still impacted by the price competitions from low-value new mould products during the period. In addition, as there are very high standards of environmental regulations and compliances imposed on this business as it involves treatment of environmental waste, such as toner powder, and the Group has established proper facilities and stringent procedures for the use, treatment and disposal of raw materials or product wastes to ensure proper compliances with the government regulations, certain capital and revenue expenditures had been incurred, thus increasing the overall production costs of this division. All these had attributed to the high production costs of this line of business. The costs of empty cartridges, which are the major components for the remanufacture of recycled toner cartridge, had also accelerated significantly during the period under review. The Group has been striving to increase the production efficiency of this line of business amid the high production cost structure in order to maintain its competitive edge.

Not only that the low revenue of this division for the period under review had not matched its high production and administration costs, it had further impacted the profit margins, in that provisions were made for aged and obsolete inventory and for discontinued products of approximately HK$7 million. This has resulted in a relatively high cost of goods sold for the period under review.

In a move to alleviating part of the cost pressure of this division, the Group has down sized the Shenzhen factory operation in the first half of the year. The manufacturing activities of this division are now centered in the Zhuhai factory.

Manufacture and sale of data media products

For the six months ended 30 June 2010, the division on manufacture and sale of data media products recorded an increase in turnover of 67% to approximately HK$31.2 million, from approximately HK$18.7 million for the corresponding period of last year. However, the division recorded a segment loss of approximately HK$1.9 million for the period under review, compared to a segment profit of approximately HK$1.8 million for the corresponding period of last year. The segment loss was principally attributable to a provision of approximately HK$4 million for aged and obsolete inventory and a provision for staff relocation and redundancy payments approximately HK$3 million made during the period under review. The Group has continuously reviewed the cost structure of this division in order to improve its overall profitability.

Distribution of data media products

For the six months ended 30 June 2010, the division on distribution of data media products recorded a slight decrease in turnover to approximately HK$6 million, from approximately HK$6.4 million for the corresponding period of last year. The division recorded a segment profit of approximately HK$1.3 million for the period under review, compared to a segment loss of approximately HK$2.8 million for the corresponding period of last year.

Mineral Trading

In a bid to diversify its business into the resources sector, the Group has entered into minerals trading business and set up a wholly-owned subsidiary, China Metal Trading Company Limited, in March 2010. Our mineral trading division is backed by a seasoned management team, which is well experienced in international mineral trading and investment in mining projects. During the period under review, the division recorded a turnover of approximately HK$16 million and a segment profit of approximately HK$0.8 million in trading of nickel ore to Mainland China. To begin with, the Group pursued this new line of business with caution in order to secure reliable trading partners with good credit worth. Through the business network of its management, the division is exploring opportunities in coal resources trading in the Asian region, particularly from Indonesia to Mainland China, which is a major importing country of coal resources.

Prospects

Manufacturing

In light of the difficult business environment for the Group's remanufacturing and sale of computer printing and imaging products segment, the Group will continue to take measures to enhance productivity by streamlining the operations, reducing operational redundancy and tightening cost controls on one hand, and on the other to solicit more stable and higher volume customers to increase the utilization of the manufacturing facilities of the division. The business capability of this division has been hindered by the relatively high working capital requirements for the operation to stock up for high value raw materials and components such as empty cartridges. The Group will explore ways to either raising new banking facilities or factoring financings to fund the working capital needs of the remanufacturing and sale of computer printing and imaging products business, or to invite new investors to the business in order to raise new capital for the operation. As disclosed in the announcement of the Company dated 29 July 2010, the Company is in preliminary discussion with an existing creditor of one of its wholly-owned subsidiaries (which is engaged in the remanufacturing and sale of computer printing and imaging products business) in relation to a possible disposal of the equity interests in that subsidiary. The discussion with the aforesaid potential buyer is still underway. As at the date of this announcement, no understanding, arrangement or agreement has been reached between the parties. The Company will comply with the Listing Rules and make further announcement on this as and when appropriate.

Regarding the business in manufacture, sale and distribution of data and media products, the Group will continue to improve its operational efficiency in order to capture maximum returns from the operation. Although the profit margin of these operations is relatively low, they provide stable revenue to the Group and the Directors expect that these operations will be able to contribute to support the operational overheads and expenses of the Group in the current financial year.

Mineral Trading

The Group will continue to develop its own core competence by aligning experienced channel partners to advance the mineral trading activities. To better manage the dynamics such as cost and delivery flow of the mineral trading business, as well as the demand and supply trend and conditions of the market, the Group has engaged experienced trading professionals in the trading sector to work with our in-house team to develop strategies in the logistics aspects and delivery flow, and in credit control and management. The Group considers that this work is important in order to establish a prudent operational system, in particular the credit assessment and control system, for the building of the mineral trading business. It is envisaged that the trading business of the Group, once developed, will better prepare the Group's mining business to thrive once the latter becomes operational.

Acquisition of Mining Business

On 18 December 2009, a wholly-owned subsidiary (the "Purchaser") of the Company entered into an agreement (the "Acquisition Agreement") with Mr. Cui Zhan Lin (the "Vendor") in relation to the proposed acquisition of the entire equity interest of SE Metal Resource Corp. ("SE Metal"). SE Metal in turn through its wholly-owned subsidiary holds the mining rights claims of a copper-gold mine, an iron-ore mine and a gold mine in the United States. On the same day, the Company entered into a referral and retainer agreement and a consultancy agreement with China National Gold Investment Oversea Holdings Ltd ("CNGO"). Pursuant to the consultancy agreement, the Company has agreed to engage CNGO to provide consultancy services to the Company for a term of ten years, subject to the Acquisition Agreement having been completed, in relation to the mining business and operations of the Group. Pursuant to the referral and retainer agreement, the Company has agreed (i) to pay, and has paid, CNGO a referral fee of RMB6 million in return for the introduction of the opportunity for the Acquisition Agreement by CNGO to the Group and (ii) engage CNGO as a consultant for the year starting from 1 January 2010 on a monthly retainer fee of RMB500,000 to provide consultancy services to the Company in assisting the Company to perform its due diligence exercises on the three mines.

The Acquisition Agreement is subject to, among other things, the results of the legal due diligence conducted on the mining rights claims of the three mines being to the satisfaction of the Purchaser. As referred to in the announcement of the Company dated 29 July 2010 in relation to, among other things, an update on the proposed acquisition (the "Update Announcement"), based on the due diligence conducted by the Company so far, validity issues (in whole or in part) have been identified in respect of the mining rights claims for each of the copper-gold mine, the gold mine and the iron-ore mine. It was also stated in the Update Announcement that the Vendor has taken additional time of about four months to resolve and satisfy the Company on the validity issues on the mining rights claims of the copper-gold mine and estimated that similar actions and time are required to be taken to remedy the relevant validity issues of the mining rights claims of the gold mine and iron-ore mine. As the validity issues on the mining rights claims of the copper-gold mine have been largely resolved, the Purchaser and the Vendor have agreed in principle, to enter into the necessary supplemental agreement (the "Related Supplemental Agreement") to supplement and amend certain terms of the Acquisition Agreement, so that the Purchaser will acquire from the Vendor the entire shareholding interest in SE Metal, which will hold, through its wholly-owned subsidiary, the mining rights claims of the copper-gold mine only. The terms to be amended in the Related Supplemental Agreement will include, but not limited to, a reduction in the consideration payable by the Purchaser for the acquisition and the extension of the date of completion of the Acquisition Agreement from 31 December 2010 to a later date.

Regarding the aforesaid consultancy agreement entered into between the Company and CNGO, in light of (i) the validity issues of the mining claims rights of the three mines which has delayed the completion timetable of the Acquisition Agreement, as a result of which the consultancy agreement will not be able to become effective by 31 December 2010; and (ii) the intention of the Company to set up its own professional team in respect of its resources related business, in the late evening of 23 August 2010, CNGO and the Company entered into a deed of termination (the "Termination Deed") to terminate the consultancy agreement and the referral and retainer agreement.

It is expected that the Related Supplemental Agreement will also be entered into between the relevant parties very shortly. Details of the Related Supplemental Agreement and the Termination Deed will be announced by the Company as soon as practicable.

Change of Company Name

To better reflect its new focus on the resources business, the Company has sought the shareholders' approval in the Annual General Meeting on 21 August 2010 for the change of its name to "Guojin Resources Holdings Limited"(「國金資源控股有限公司」*(for identification purposes)*) from "Jackin International Holdings Limited"(「輝影國際集團有限公司」*(for identification purposes)*).

The change of the name of the Company is also subject to the approval of the Registrar of Companies in Bermuda. Subject to the aforesaid approval being obtained, the effective date of the change of the name of the Company will be the date on which the Registrar of Companies in Bermuda enters the new English name of the Company on the register of companies in place of its existing English name. The Company will carry out all necessary filing procedures in respect of the change of name with the Registrar of Companies in Hong Kong and Bermuda. Further announcement will be made by the Company in relation to the effective date of the change of the name of the Company and change in stock short name of the shares of the Company in both English and Chinese.

FINANCIAL REVIEW

Capital and debt structure

As at 30 June 2010, the Group's net assets was approximately HK$72 million (31 December 2009: net liabilities of HK$15 million), representing approximately HK$87 million increase compared with that of 31 December 2009, mainly due to the enlargement of equity base by placing of new shares and less net loss for the period.

As at 30 June 2010, the Group's total bank and other borrowings plus finance lease obligations decreased by HK$18 million to HK$24 million (31 December 2009: HK$42 million), of which HK$17 million was payable within one year and HK$7 million was payable after one year. 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 bank balances amounted to approximately HK$66 million (31 December 2009: HK$18 million), representing an increase of approximately HK$48 million.

The Group's net debt to equity ratio was at 3.5 (31 December 2009: (20.7)), which is determined by total bank and other borrowings, notes payable, convertible bonds and obligation under finance leases over net assets (liabilities).

Working capital and liquidity

As at 30 June 2010, the Group's current ratio and quick ratio were 3.6 and 2.1, respectively (31 December 2009: 1.7 and 0.7). Inventory turnover on sales decreased to 217 days (31 December 2009: 248 days) primarily due to the impairment losses on inventories and the reduction of inventory level in order to save working capital. Receivable turnover increased to 115 days in the period under review (31 December 2009: 89 days) which was mainly due to prolonged payment from customers.

Redemption of guaranteed notes

On 10 October 2008, the Company issued, and Martin Currie China Hedge Fund L.P. (the "Subscriber"), the Company's substantial shareholder, subscribed for guaranteed notes (the "Guaranteed Notes") in the aggregate principal amount of HK$31.2 million. The Guaranteed Notes were guaranteed by Sun Union Enterprises Limited, the Company's substantial shareholder, carried interest at 15% per annum and repayable on 27 June 2010. The Guaranteed Notes were fully redeemed during the period.

Placing of new shares

The completion of the placing of new shares took place on 21 January 2010. A total of 210,000,000 new shares were issued at the subscription price of HK$0.95 per share and the Company received the net proceeds of approximately HK$193.1 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2010, the number of employees of the Group was approximately 789. 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, mandatory provident fund and share option scheme. Other employee benefits include medical cover, housing 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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the six months ended 30 June 2010, 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 2010.

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 as 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.

All the 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 2010.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, 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 2010.

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUSPENSION OF TRADING

Pending the announcement by the Company of further information on the Related Supplemental Agreement and the Termination Deed as referred to in the sub-section headed "Acquisition of mining business" above, an application will be made to the Stock Exchange for the suspension of the trading of the shares of the Company on the Stock Exchange with effect from at 9:30 a.m. on Tuesday, 24 August 2010. In the interim, shareholders of the Company and investors should exercise cautious when dealing in the shares of the Company.

By Order of the Board
Jackin International Holdings Limited
Ho Yin King, Helena
Chairman

Hong Kong, 23 August 2010

As at the date of this announcement, Ms. Ho Yin King, Helena, Mr. Yip Wai Lun, Alvin, Mr. Ma Bo Ping, Mr. Zhou Yu Sheng and Ms. Lam Suk Ling, Shirley are the executive Directors and Mr. Leung Ka Kui, Johnny and Mr. Chan Kam Kwan, Jason are the independent non-executive Directors.